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**THESIS**

**THE POLITICS OF MERITOCRACY IN MALAYSIA**

by

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December 2003

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**THE POLITICS OF MERITOCRACY IN MALAYSIA**

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## **ABSTRACT**

The effort to achieve development in Malaysia raises the question of how to develop a country where inequality between racial groups is significant. Of the various efforts made to achieve this goal, the most important is the New Economic Policy (NEP), a corrective policy to assist the Malays in socio-economic development. In essence, this was an affirmative action policy for a majority of the population that was economically behind the minority Chinese-Malaysians.

However, the racial-oriented policy cannot respond effectively to the new problem of intra-racial inequality, which results from the policy itself. Although sustained through the rhetoric of racial equality, the NEP has created other implications, the intra-racial inequality and an uncompetitive community.

In order to develop a more competitive economy, a meritocratic system emphasizing personal contributions rather than privileges should be investigated. This paper weighs the merits of affirmative action policies and meritocracy as approaches to national integration in Malaysia, and subsequently towards Malaysia's goal to be a fully industrialized country by 2020.

This study finds that, due to the continuance of inter-racial disparity, Malaysian society is not prepared to implement total meritocracy within the next few years. The thesis identifies various steps needed to "level the playing field," that will require firm decisions by the government and sacrifices by the population.

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#### **LIST OF ABBREVIATIONS**

ASB	Amanah Saham Bumiputra (Bumiputra Unit Trust)
ASN	Amanah Saham Nasional (National Unit Trust)
DAP	Democratic Action Party
GERAKAN	Action Party
ISA	Internal Security Act
MARA	Majlis Amanah Rakyat (Council of Indigenous Trust)
MCA	Malaysian Chinese Association
MIC	Malaysian Indian Congress
NDP	National Development Policy
NEP	New Economic Policy
NF	National Front
PAS	Parti Islam SeMalaysia (Pan Malaysian Islamic Party)
PNB	Permodalan Nasional Berhad (National Equity Corporation)
UDA	Urban Development Authority
UMNO	United Malay National Organization
SEDC	State Economic Development Corporation

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## I. INTRODUCTION

### A. OVERVIEW

Since gaining its independence in 1957, Malaysia has gradually developed and transformed from an agricultural to an industrial based society. However, the colonial legacy of racial inequality, which has largely determined the separation of its people, still exists especially between the majority Malays and minority groups of non-Malays. Each of the racial communities, the Malays, Chinese, and Indians, has maintained its own socio-cultural ways of life and is segregated, to some extent, by their place of residence, education and occupation. This imbalance of economic development has not only deteriorated societal integration but also segregated relationships and created tension, which came to a peak when racial riots occurred between the Malays and Chinese in May 1969.<sup>1</sup>

The political compromise that was achieved after the 1969 riots led the government to introduce instituted affirmative action policies, a form of preferential government intervention as a set of corrective policies in favor of the indigenous Malays. Even though Malays were the majority group, economically, they were far behind the Chinese.

However, despite the successful record in reducing poverty and increasing the equity ownership of Malays to a certain extent, the policy of affirmative action has, as can be argued, developed intra-racial income inequalities

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<sup>1</sup> Ethnic rioting came to a head in Kuala Lumpur on 13 May 1969 after a Chinese dominated opposition claimed a significant portion of the parliamentary seats from the Malay dominated ruling coalition. Malays, the majority of whom were impoverished, reacted violently in fear of losing their political influence in the country.

and an uncompetitive segment of society. Only a handful of middle class Malays have benefited from the government instituted affirmative action policies, especially with respect to business opportunities. At the same time, the majority of the Bumiputras, the indigenous people of the country, despite being given privileges through those policies, is complacent and still primarily found in lower-income groups and rural areas.<sup>2</sup> The argument is these policies led to the creation of a subsidized community, which continuously relies on government support. Non-Malays, on the other hand, still enjoy higher average incomes and generally hold major appointments in the private sector.

Furthermore, it can also be argued that personal and political interests were at the root of these policies, not, as some have argued, grander notions of racial equality. From the general perspective, what was perceived to be corrective policies for a target group has become controversial and appears to be morally reprehensible. The principles of equality and justice are, it can be asserted, being manipulated for the benefit of some affluent and politically prominent figures. The result has been a rise in cronyism, nepotism and favoritism in recent years.<sup>3</sup> The failure to address inter and intra-racial distributional issues brought about a major political crisis in the Malay community during the 1999 general election when approximately only 56 percent of Malay voters voted for the

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<sup>2</sup> Other than Malays, Bumiputras also include Kadazan, Bajau, Murut, Iban, Bidayuh, Malanau and Orang Asli.

<sup>3</sup> Edmund Terence Gomez and Jomo K. Sundram, *Malaysia's Political Economy - Politics, Patronages and Profits*, Cambridge University Press, 1999, p. 25.

government compared to 65 percent in the 1995 polls.<sup>4</sup> The corrective policy is now not only incompatible with the development of the Malays but it also may no longer draw considerable support from them as before.

Therefore, the idea of meritocracy was highly proposed as the best system for Malaysian society. It is a system of competition wherein selection is made on the basis of merit, and the ability of an individual plus effort are the key determinants of success or failure. Contrary to affirmative action policies which provide certain protection to a targeted community, meritocracy is based on a true ability of an individual or society.

#### **B. THESIS STATEMENT AND MOTIVATION**

Overcoming racial inequalities has been considered to be an important component of the Malaysian state's development policy, particularly in the post-conflict situation after the bloody racial riot in 1969. Various corrective policies have been formulated to achieve this goal, such as policies that have significantly reduced poverty amongst the Malays, but, these have also contributed to the creation of the new problem of intra-Malay inequality and dependence on government support. Therefore, the main objective of this research was to study the possibility of adopting meritocracy in Malaysia with the focus on the creation of an integrated society in preparation for industrialized status by 2020.

The introduction of the New Economic Policy (NEP), a social reengineering policy in 1970 and subsequently, the National Development Policy (NDP) in 1990, which accorded

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<sup>4</sup> Vindhu Verma, *Malaysia - State and Civil Society in Transition*, London: Lynne Rienner, 2002, p. 156.

the Bumiputra preferential treatment, were only partially successful in restructuring the post-conflict society. The privileges of the Malays under both policies included larger quotas for places in universities, housing ownership and employment opportunities. At the same time, the government's contracts were allocated mainly for Malays to "catch up" in business with the well-established Malaysian Chinese.

A desire to develop a country where inequality between racial groups is significant raises the question of the way to achieve development. The racial-oriented policy, which focuses on reducing inter-racial inequalities, appears to provide a solution. However, the policy cannot respond effectively to the new problem of intra-racial inequality, which results from the policy itself. What is supposed to be a policy that is sustained through the rhetoric of racial equality has created other implications, in particular, intra-racial inequality and an uncompetitive society. Indeed, the government acknowledged that intra-racial income inequality is becoming greater, particularly among the Bumiputra.<sup>5</sup> However, this issue is not the focus of the affirmative action policies. Thus, despite the significance of the intra-racial inequality setback, the government has continued to insist that inter-ethnic inequality would remain the main focus of Malaysia's economic policy. Dato' Seri Dr. Mahathir Mohammad, the former Malaysian Prime Minister stated:

The New Economic Policy (NEP), it must be iterated was not concerned with making all the Bumiputras earn equally, or share equally, the

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<sup>5</sup> A. H. Roslan, *Income Inequality, Poverty and Development Policies in Malaysia*, School of Economics, University Utara Malaysia.

wealth distributed amongst them...The intention of the NEP was to create in the Bumiputra community the same division of labor and rewards as was found in the non Bumiputra communities, particularly the Chinese...The equitableness was not to be between individuals, but between communities.<sup>6</sup>

At the same time, despite the improvements in inter-racial inequality, the programs have not corrected the problem of non-competitiveness of the Malays. The inability of the Malays to compete in the marketplace still needs to be addressed by the government. The quota system that provides a high percentage of allocations for the Malays in public universities has made them feel complacent.<sup>7</sup> However, the initial introduction of meritocracy in the selection for tertiary education in 2002 has resulted in a significant improvement in the Malays' intake. If the same method were used in other fields, the spirit of competition among races would encourage more advancement and integration within society.

This positive development has motivated the author to discuss the importance of meritocracy for societal reengineering in all sectors of Malaysian society. This productive solution may encourage the Malays, in particular, to participate in healthier competition for further advancement. If this system were gradually imposed, by emphasizing education, business and politics, it will also benefit society at large and contribute to unity and nation building.

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<sup>6</sup> Mahathir Mohammad, *The Way Forward*, London: Weidenfeld and Nicholson, 1998, pp. 33-34.

<sup>7</sup> In 2001, 7,000 places allocated for Bumiputra based on the 55:45 rule (Malay: non-Malays) quotas were not filled.

This proposed policy is also in response to the pressures of market forces and globalization. Malaysian society can no longer rely on government interference and protection of specific racial groups. Therefore, these groups need to be more competitive domestically and internationally. Malaysia is industrializing and has a vision to be a fully industrialized country by 2020. After succeeding in reducing poverty, Malaysia needs to have a more balanced racial participation and a well represented society to participate in a mainstream of global economic activities. This can only be achieved if the entire society is not racially biased and dedicated towards the program. By avoiding unfair discrimination, meritocracy can assist in the creation of an integrated society with significant equality.

However, the findings of this paper lead to the conclusion that, due to the continuance of inter-racial disparity, the society is not prepared to implement total meritocracy within the next few years. Various steps need to be taken to 'level the ground' in the society, which require a firm decision by the government and also the population.

### **C. STRUCTURE OF THESIS**

This thesis examines the possibility of implementing meritocracy in Malaysia's pluralistic society as an intervention strategy for economic equality, social harmony and political stability. How the implementation of the government instituted affirmative action policies in Malaysia have affected the development of Malaysian society will be highlighted as well as whether the application of meritocracy would contribute to societal integration.

Chapter II examines the government's affirmative action policies related to social and economic development and the outcomes. Besides the various successes that have been achieved in the implementation of affirmative action policies, several negative outcomes can also be identified; including nepotism, corruption and paternalism.

Chapter III highlights the debate of affirmative action policies in relation to social harmony, economic inequality and political stability in Malaysia. This chapter also details the arguments about the success and failures of the government instituted affirmative action policies of the Malaysian government and the idea of developing a meritocratic society.

Chapter IV evaluates the meaning and promise of meritocracy. The principles to be implemented that would allow people to achieve success proportionate to their talents and abilities as opposed to policies in which social class or wealth is the controlling factor are also elaborated upon. Chapter V examines the obstacles that could influence the implementation of meritocracy in Malaysia. The political factors that are interrelated with any constitutional amendment will be elaborated in detail. Chapter VI concludes and provides recommendations on how meritocracy could be implemented in Malaysia.

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## II. RECONSTRUCTION POLICIES

### A. INTRODUCTION

During colonial rule in the 19<sup>th</sup> century, the Malaysian economy relied on primary products such as tin and natural rubber. In order to increase the work force, a large number of Chinese and Indian laborers were brought in and the Diasporas subsequently became part of the state's pluralistic society, whom not only live separately but also engaged in different economic activities. As a result of the British 'divide and rule' policy, the majority Malays continued their traditional activities such as rice farming and fishery in rural areas while a handful of the elites were accepted by the British to serve as junior administrators. The Chinese, on the other hand, were allowed to concentrate on business in urban areas while the Indians were a major force in plantation areas.

This situation led to unbalanced development within society, especially the lack of a social network to integrate the different races. As a result of the racial conflict in 1969, the idea of reconstruction policies as a strategy of conflict management was pushed forward as part of the government's economic and development plan which aimed at minimizing the gap between the races.<sup>8</sup> By providing special privileges to the Malays and other indigenous groups, the policies were intended to motivate them to participate actively in the state's development and subsequently create social integration. The implementation of these policies is not unique as many other nations such as Fiji, Nigeria, Sri Lanka, India, South Africa and the

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<sup>8</sup> Vindhu Verma, p. 31.

United States are also known for their preferential policies. In the United States, preferential policies are stipulated under the 'affirmative action' laws.<sup>9</sup> The difference, however, is that the group given favorable treatment in Malaysia is the majority ethnic group that dominates the government while in the United States the beneficiary is the minority.

This chapter will examine the current practices that are being implemented to correct the economic, social and political imbalances between the indigenous Bumiputra and other races. Despite the continuing disparity between the races, a new problem of high 'intra-Malay' inequality has arisen that needs the government to adopt alternative policies. The weaknesses of the affirmative action policies are then discussed.

#### **B. MALAYSIAN HISTORY**

Malaysia comprises a federation of 13 states with 11 in the Peninsula and two in the northern portion of Borneo, and is strategically located in the center of Southeast Asia. Based on the 2000 consensus, out of a population of 25 million, Malay Muslims constitute the majority, or 62 percent of the population, the Chinese 27 percent and the Indians 9 percent, while the remainder is composed of other ethnic groups.<sup>10</sup> Major developments and successful economic diversifications have transformed the country from an exporter of primary products since independence into a modern capitalist state in the middle of the 1980s. With a

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<sup>9</sup> Affirmative Action Laws, in [<http://216.239.53.104/search?q=cache:d66iy0-TBjcJ:www.rmis.rmfamily.com/sites/humandiscr.php+affirmative+action+laws+-+USA&hl=en&ie=UTF-8>], Accessed 20 August 2003.

<sup>10</sup> Malaysian Statistic, in [<http://www.statistic.gov.my/English/framesetkeystats.htm>], Accessed 16 October 2003.

per capita income of about US \$3500, Malaysia was classified by the World Bank as an upper-middle income country in 1990.<sup>11</sup>

The country was initially known as the Federation of Malay States during the colonial period and was later changed to Malaya when independence was granted in 1957. When Sabah, Sarawak and Singapore joined the Federation in 1963, it was renamed Malaysia. Singapore subsequently separated and gained its independence in 1965.



Figure 1. Map of Malaysia.

### 1. Historical Background

The History of Malaysia can be traced back to the 15<sup>th</sup> century when the Malacca (Melaka) Sultanate became a great inter-port city with a complex trading network stretching from Africa to China. The discovery of the famous Trengganu

<sup>11</sup> Tey Nai Peng, *Social, Economic and Ethnic Fertility Differences in Peninsula Malaysia*, Faculty of Economics and Administration, University of Malaya, Kuala Lumpur, Malaysia, June 2002.

Stone on the east coast of the Peninsula Malaysia, which dates back to the 14<sup>th</sup> century, also provides an indication of a possible Muslim-Malay state in the area sometime in the 14<sup>th</sup> century.

The rise of Malacca as a trading hub also attracted Western powers, and in 1511, the Portuguese conquered the state and remained in the area for 130 years before the Dutch defeated them in 1641. In 1795, Malacca was handed over by the Dutch to the British in exchange for Batawi, Indonesia and later became part of the 'Straits Settlement' which included Singapore and Penang.<sup>12</sup>

## **2. British Intervention**

The British established their presence in the Malay states in 1786 when Sir Francis Light opened Penang, a small island in the northern part of Peninsula Malaysia. The discovery of rich tin deposits in the central part of the Peninsula (Perak and Selangor) in 1850 began the transformation of economic activities in the Peninsula.<sup>13</sup> The new discoveries also marked the expansion of a Chinese settlement in those areas. Many of the Chinese came from South China as the indentured laborers of Chinese merchants who supplied labor in the Straits Settlement of Penang, Malacca and Singapore.<sup>14</sup> This development also marked the start of British intervention and influence in the Malay states as the Malay Sultans sought to align with the British to restore order among the Chinese and also against

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<sup>12</sup> Malaysia, in [<http://www.geographia.com/Malaysia/history04.htm>.Internet], Accessed 12 September 2003.

<sup>13</sup> Robert Stephen Milne and Diane K. Mauzy, *Politics and Government in Malaysia*, Vancouver: University of British Columbia Press, 1978, p. 13.

<sup>14</sup> Kevin Young, Willem C. F. Bussink and Parvez Hasan, *Malaysia Growth and Equity in a Multi Racial Society*, Baltimore and London: Johns Hopkins University Press, 1980, p. 12.

their opponents. This relationship further strengthened the pattern of indirect rule whereby the British introduced a system of Residents to the states of Perak, Selangor, Pahang and Negeri Sembilan.<sup>15</sup> The Residents initially acted as advisors to the Sultans but later made themselves responsible for administration, law and taxation of the states while the Sultans continued to be responsible for matters of custom, religion and land. After a long history of British influence, the entire Malay Peninsula came under British control in 1919.<sup>16</sup>

The expansion of rubber plantations and the construction of roads and railways in Malaya also attracted foreign labor, especially Tamils from South India. Most of them came with aspirations of saving enough money to repay their debts back home. By 1940, 250 European plantations in Malaya employed over 260,000 workers from India.<sup>17</sup> With the introduction of new technology in mining, many Chinese mine laborers shifted to rubber plantations and urban commerce. By the early 20<sup>th</sup> century, the Malay Peninsula became the largest exporter of tin and rubber in the world.

### **3. Post War Period**

During World War II Japanese forces occupied the Malay Peninsula after the British were defeated and Singapore fell to the Axis in 1942. Throughout the war period, racial tensions were exacerbated by economic competition as the people suffered from economic scarcity and general uncertainty. Isolated clashes between Chinese and Malays

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<sup>15</sup> These Residents States were known as the Federated Malay States while Kelantan, Trengganu, Perlis, Kedah and Johor were known as Unfederated Malay States. Penang, Melaka and Singapore remained as Straits Settlement.

<sup>16</sup> Vindhya Verma, p. 35.

<sup>17</sup> Theodore Gabriel, *Hindu and Muslim Inter Religious Relations in Malaysia*, Lewiston: The Edwin Mellen Press, 2000, p. 19.

had occurred periodically in previous decades due to suspicions, distrust and economic inequality, but never with such intensity. The encouragement of Malay nationalism by the Japanese contributed to the reemergence of the new Malay elites who had arisen in the 1920s and 1930s.<sup>18</sup>

When the British came back after the war, they were confronted with the racial issues between the Malays and Chinese. Rupert Emerson stated the racial situation in the country at that time as 'the people of Malaya are divided from each other in almost every aspect that they have in common, essentially only the fact that they live in the same country'.<sup>19</sup> This led the British to create the Malayan Union, which restricted the power of the Sultans, provided equal rights for every citizen (including immigrants) and granted citizenship without racial discrimination. However, it was strongly opposed by the Malays and they responded by forming the United Malays National Organization (UMNO) in 1946. The Indians followed this action by forming its own communal party, the Malayan Indian Congress (MIC) in 1947 which was subsequently followed by the Chinese who formed the Malayan Chinese Association (MCA) in 1949.

In 1948, a state of emergency was declared when the Malayan Communist Party (MCP), whose members were mostly Chinese, launched their military struggle against the British. The British implemented the famous Brigg's Plan to isolate the guerillas by relocating those people who stayed near the edge of the jungle to new villages, the majority

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<sup>18</sup> Barbara Watson Andaya and Leornard Y. Andaya, *A History of Malaysia*, Honolulu: University of Hawaii Press, 2001, p. 259.

<sup>19</sup> Milne and Mauzy, p. 23.

of whom were Chinese.<sup>20</sup> At the same time, the government forces, mostly British and Malays, continued to hunt the guerillas and this conflict implicated the problems that undermined progress towards communal harmony between the Malays and the Chinese.

The British announcement in April 1949 to grant independence to Malaya received strong support from the people and led the British administration to introduce local and federal elections in 1955. Communal sentiments were very strong during that period and any cooperation for a truly multi-ethnic party failed to materialize. However, the political leaders managed to form a coalition arrangement in which communal parties (UMNO, MCA and MIC) retained their separate identities and political objectives and convinced the British to grant independence to Malaya.

#### **4. Independence**

The Federation of Malaya secured its independence from Britain on 31 August 1957. As disparities among the politically dominant Malays and the economically powerful Chinese had already emerged prior to independence, various points related to the special rights of the Malays were emphasized in the Constitution. The privileges included the reservation of Malay lands, guaranteed positions for Malays in public services, quotas for places and scholarships for higher education and guaranteed permits and licenses that were required to conduct certain types of trade and business.<sup>21</sup> These conditions managed to ease the tension as both parties agreed to compromise on issues pertaining to communal interest.

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<sup>20</sup> The settlement undertaken between 1950-1952 involved more than 780,000 squatters settled in more than 550 villages nationwide.

<sup>21</sup> Bussink, Hassan and Young, p. 19.

On 16 September 1963, Sabah, Sarawak and Singapore joined the Federation of Malaya and formed the new country of Malaysia. However, differences over rights, and political and economic issues led to the separation of Singapore from Malaysia in 1965.

### C. THE SOCIAL IMBALANCE

Malaysia is a multi racial society, consisting of the Malays, Chinese, Indians and other ethnic groups. The three major ethno-racial groups differ sharply from each other in religion, culture, language, marriage, customs, dietary laws, habit and traditional costumes. This is considered quite unique as these people are living together with several differences in daily activities, beliefs and associations. Furnival (1948) remarked on the Malaysian society as:

They mix but do not combine. Each group holds to its own religion, its own culture and language, its own ideas and ways. As individuals they meet, but only in the market place, in buying and selling. There is a plural society with different sections of the community living side by side, but separately, within the same political unit.<sup>22</sup>

Initially, immigrants like the Chinese and the Indians were only allowed to immigrate to help exploit the country's natural resources. The British or the Malays never expected their stay to be permanent until the Second World War.<sup>23</sup> The consequences of the long war followed by the Japanese occupation changed the entire pattern of migration, which resulted in the settlement of the non-Malay communities.

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<sup>22</sup> J. S. Furnivall, *Colonial Policy and Practice*, Cambridge University Press, 1948, p. 304.

<sup>23</sup> Ismail Kassim, *The Politics of Accommodation - An Analysis of the 1978 Malaysia General Election*, Institute of Southeast Asia Studies, Singapore Research Notes and Discussion Paper No. 10, 1978, p. 6.

As regards the social development and part of political concessions prior to independence in 1957, all racial groups were allowed to preserve their culture and practice their own way of life and beliefs. The principle of *jus soli* (citizenship by birth), which was a major demand of non-Malays, was incorporated.<sup>24</sup> They were even allowed to have their own schools and use vernacular languages as media of instruction at all levels. Even though this situation created social harmony and satisfied the interest of each racial group, the population is less integrated as a whole.

#### D. POLITICAL CHARACTERISTIC

The framework of politics in Malaysia is highly racialized and the national policies are linked to racial relations since the first national election was conducted under British rule in 1955. Subsequent general elections held later illustrated that race remained the constant and dominating factor. Most of the political parties are organized along racial lines and depend largely on the support of a single community.

The government applies the concept of a consociational arrangement with Malay political hegemony, and at the same time, preservation of racial harmony. Milne defined this arrangement as a situation in which two or more ethnic blocs, roughly equal in power, cooperate, in spite of remaining substantially separated in their activities, through agreements between their leaders, whom at the same time, were able to retain the support of their followers.<sup>25</sup> Consociational democracy operates through the mechanisms of

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<sup>24</sup> Judith Strauch, *Chinese Village Politics in the Malaysian State*, Cambridge: Harvard University Press, 1981, p. 27.

<sup>25</sup> Milne and Mauzy, p. 355.

group autonomy, proportional representation, politics of compromise and consensus, a coalition government and veto power on decisions vital to group interests. Aren Lijphart strengthened the argument that consociational democracy is appropriate to societies with moderate racial differences and conflicts which emphasize collective rights rather than individual rights.<sup>26</sup>

This kind of politics has been instrumental in promoting consensus in which hard issues are not raised openly and brought stability to Malaysia at a certain stage. However, it resulted in the inability of civil society to develop and expand freely due to limitations that were imposed.

The ruling party, known as the Barisan Nasional or Coalition of National Front, which comprises 14 political parties, is basically following the same path. The concept of an elite accommodation system in this political arrangement is that each party looks after its own community, restrains from extremist elements and formulates communal demands within the context of a multi racial society in order to preserve racial balance and communal harmony. Although the formula looks fragile, for top leaders of the National Front, especially the UMNO, there is no way out of this stage of the country's development. They concede quite readily that it is far from ideal, but for the moment, it is the next best alternative.

#### **E. UNEQUAL DEVELOPMENT**

After obtaining its independence in 1957, Malaysia's economic strategy followed a neo-classical, market oriented

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<sup>26</sup> Aren Lijphart, *Power Sharing and Group Autonomy in the 1990s and the 21<sup>st</sup> Century*, University of California, San Diego, 2000.

prescription with minimal government intervention. Despite the emergence of the multiracial society in Malaysia, there was very little economic cooperation and interaction among the racial communities. The consequence of this *laissez-faire* (leave it alone) policy created by encouraging competitive market economies led to the increasing inequality between the Malays and other racial groups. This phenomenon dominated all aspects of Malaysian life, and as a result, ethnic cleavages were found at almost all levels and aspects of life:

These groups were divided by coinciding cleavages of race, language, religion, custom, area of residence and to a large extent, by type of occupation. Predictably, they lined up on the same opposing sides on every political relevant issue.<sup>27</sup>

The late Tun Hj Abd Razak bin Hussin, then Deputy Prime Minister of Malaysia, in an interview with the New Zealand Broadcasting Corporation in April 1967 agreed on the imbalance development in Malaysian society as he said:

It is true at the moment that political power is in the hands of the Malays and economic power in the hands of the Chinese. That is why we must try and balance things out. That is why we are doing our best to try and give the Malays a little bit of share in the economic life to enable them to feel safe in the country. After all they were the original settlers.<sup>28</sup>

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<sup>27</sup> D. K. Mauzy, *Malay Political Hegemony and Coercive Consociationalism*, in Mc Garry, J. and O'Leary, B. (Eds.), *The Politics of Conflict Regulation*, London: Routledge, 1997, p. 107.

<sup>28</sup> R. K. Vasil, *Politics in a Plural Society - A Study of Non-Communal Political Parties in West Malaysia*, Kuala Lumpur: Oxford University Press, 1971, p. 5.

In the modern economic sector, Malays comprised only 7 percent of the manufacturing sector management in 1970, compared to 68 percent Chinese, 4 percent Indian and 18 percent foreigners.<sup>29</sup> Malays, in general, were not only poor, but also were principally associated with agriculture, a low productivity sector in Malaysia during that time. The non-Malays, on the other hand, were associated with the mining, manufacturing and construction sectors.

This development became increasingly intolerable to the Malays who controlled the government but were marginalized in economic activities. The racial riot between the Malays and Chinese on 13 May 1969 was a direct response to the increasing economic marginalization of the Malays. This marked a turning point in Malaysian social and economic development policy as the conflict paved the way for affirmative action policies in favor of the Malays.

#### **F. GOVERNMENT ACTION PLAN**

As a result of the 1969 racial riot, the government realized that a *laissez-faire* policy would only exacerbate racial differences, and eventually led to a breakdown in social cohesion. Paul Christopher (1999) argues that the common good of the state cannot flourish unless its citizens are virtuous, and therefore, the proper effect of law is to lead its subjects to their proper virtue.<sup>30</sup> The existing government needs to ensure that the provision of certain basic needs such as income, education and health care are equally distributed among citizens to enable them to maintain their basic quality of life.

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<sup>29</sup> A. H. Roslan, p. 3.

<sup>30</sup> Paul Christopher, *The Ethics of War and Peace - An Introduction to Legal and Moral Issues*, New Jersey: Prentice Hall, 1999, p. 50.

In relation to this, Kenneth Waltz supported the idea that the state may have to intervene in ways not originally contemplated in order to prevent extreme economic inequalities from arising.<sup>31</sup> The people need to be organized into a more structured situation. John Rawls strengthens this with his argument that equality is necessary because without it, society would disintegrate.<sup>32</sup> What is considered important is justice and stability for the right reasons of liberal and decent societies living in harmony. Thus, the government introduced a set of affirmative actions programs known as the New Economic Policy (NEP) as the mechanism to restructure the Malaysian society.

In relation to this policy, John Roemer defines affirmative action as being justified on the grounds of retributive justice, that is, to compensate living persons for the unjust treatment of their ancestors.<sup>33</sup> He further clarified that the action can be considered as a nondiscriminatory form of equal opportunity. The 'divide and rule' system implemented by the British during the colonial days created a Malaysian society with separation not only in occupations but also in the sharing of wealth.<sup>34</sup> Under the colonial system, the Malays were allowed to continue with their daily activities without any intervention by the government to modernize the community.

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<sup>31</sup> Kenneth N. Waltz, *Man the State and War- A Theoretical Analysis*, New York: Columbia University Press, 2001, p. 94.

<sup>32</sup> John Rawls, *The Law of Peoples*, Cambridge: Harvard University Press, 1999, p. 113.

<sup>33</sup> John E. Roemer, *Equality of Opportunity*, Harvard: Harvard University Press, 1998, p. 108.

<sup>34</sup> In order to avoid national integration during the colonial era, the British emphasized a separation of races where the Malays practiced traditional agricultural activities in the rural areas, the Chinese concentrated on business and mining while the Indians remained in the rubber estates.

The immigrants on the other side were exploited for the economic advantages of the colonial master especially in the tin and rubber related industries.

### **1. The New Economic Policy (NEP)**

The New Economic Policy was the pioneer of series of government instituted affirmative action policies under the First Outline Perspective Plan from 1971 to 1990. The policy, which was drawn up by the Economic Planning Unit and Department of National Unity of the Prime Minister's Department, set two main objectives: to eradicate poverty by increasing income levels and increasing employment opportunities, and to accelerate the process of restructuring Malaysian society to correct economic imbalances so as to reduce and eliminate the identification of race with economic function.<sup>35</sup> The policy drew a road map for Malays to progressively gain control of corporate ownership, secure their proportionate share of employment, improve their education and skill levels and facilitate migration from rural to urban areas. By the end of the target date, it is hoped that the Bumiputras will be able to present themselves as full partners in all aspects of economic life.

In 1970, about 85 percent of Malays lived in rural areas, compared to about 52 percent of the Chinese and 65 percent of the Indians. This significantly shows that the Malays were mostly isolated from modernization.

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<sup>35</sup> Verma, p. 69.

Table 1. Division of Races by Percentage in 1970.<sup>36</sup>

RACE	URBAN	RURAL
Malays	14.9	85.1
Chinese	47.4	52.6
Indians	34.7	65.3
Others	40.8	59.2
Total	28.7	71.3

The NEP also sought to increase Malay's equity ownership from 2.4 percent to 30 percent by 1990, increase Chinese ownership from 30 percent to 40 percent, while simultaneously reducing foreign shares to 30 percent.<sup>37</sup> Based on this framework, the policy strengthened the state's role in economic development and no longer allowed the economy to develop freely but subjected it to government interference. The objective was to enable the smooth development of social restructuring by the target date of 1990.

Political leaders, especially those in the main political party, the UMNO, conceived the NEP as the center-peace of economic reform. When Malay political leaders mooted the idea in the 1960s, income and sectoral imbalances between the Malays and non-Malays were disproportionately high. The Malays formed the majority of the poor, accounting for 70.5 percent of the poor with an average monthly income of only RM 172 (Ringgit Malaysia)<sup>38</sup> compared to RM 394 earned by the Chinese. In 1970, they

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<sup>36</sup> F. R. Von Der Mehden, *Communalism, Industrial Policy and Income Distribution in Malaysia*, Asian Survey, pp. 247-261.

<sup>37</sup> James V. Jesudason, *Ethnicity and the Economy- The State, Chinese Business and Multinationals in Malaysia*, Singapore: Oxford University Press, 1989, p. 159.

<sup>38</sup> US \$ 1= RM 3.80.

formed the majority of the poverty group (65.9 percent) compared to the Chinese (27.5 percent) and the Indians (7.02 percent).<sup>39</sup>

Table 2. Incidence of Poverty by Percentage.<sup>40</sup>

<b>Incidence of Poverty</b>	<b>1957 %</b>	<b>1970 %</b>
Malays	70.5	65.9
Chinese	27.4	27.5
Indians	35.7	7.02

The implementation of the NEP was not smooth during the early stages due to its vague guidelines. The policy started to accelerate only when certain political changes to government portfolios were taken especially by having Malay's Minister hold key portfolios.<sup>41</sup> During the early period of Dr. Mahathir's premiership, further adjustments were made to regulate the economy including privatization and certain relaxation of business opportunities that reengineered the policy. This included allocating huge funds to implement and accelerate rural commercial and development projects, through the various formations of development authorities such as the Urban Development Authority (UDA), the People Trust Council (MARA), the National Development Cooperation (PERNAS) and the State Economic Development Corporations (SEDC).<sup>42</sup>

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<sup>39</sup> Jill Eyre, *Ethnicity and Development in Malaysia*, in Chris Dixon and David W. Smith, eds., *Uneven Development in South East Asia*, Aldershot: Ashgate Publishing, 1997, p. 129.

<sup>40</sup> Y. Ikemoto, *Income Distribution in Malaysia: 1957-1980*, The Developing Economies, Vol. XXIII, No. 4, pp. 347-367.

<sup>41</sup> Tun Tan Siew Sin was replaced by Tengku Razaleigh Hamzah in 1973. This marked the decrease in MCA's influence in the government.

<sup>42</sup> A. H. Roslan, p. 13.

When the policy ended in 1990, it generally achieved the objective of reducing poverty not only among the Malays but also the whole society. The number of overall households considered below the poverty line (the income required to provide basic nutritional and other non-food requirements) fell from 49.3 percent to 15 percent at the end of NEP in 1990.<sup>43</sup> Much of the success was related to the modernization of agricultural production and participation in mainstream economic activities. These include modern farming and small-scale industries. The success of the policy had also led the government to concentrate on those households in the category of absolute hardcore poverty rather than those in absolute poverty and relative poverty in future development.<sup>44</sup>

Table 3. Rate of Poverty Among Malaysian Household.<sup>45</sup>

		<b>YEAR</b>		
	<b>1970</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>
Incidence of poverty (%)	49.3	15.0	8.7	5.5
Rural (%) of households	58.7	21.8	14.9	10.0
Incidence of hardcore poverty (%)	21.3.	7.5	3.6	1.9

Regardless of its objective to share wealth, the policies failed to reach the target. In terms of corporate

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<sup>43</sup> Young, Busink and Hassan, p. 43.

<sup>44</sup> Poverty is defined in absolute terms as the lack of income to acquire the minimum necessities of life as measured by the poverty line income (PLI). Under the NEP, the poverty line was RM 380 (US \$ 141) per month for a family of five. Apart from absolute poverty, Malaysia also classified another concept, hardcore poverty, which is defined as households whose income are less than half of the poverty line income. Relative poverty is measured by using income disparity ratios of income groups, ethnic groups and urban and rural dwellers.

<sup>45</sup> Economic Planning Unit, in [<http://www.epu.jpm.my>], Accessed 12 June 2003.

equity, before the NEP (1970), the Malays accounted for only 2.4 percent of equities owned compared to the Chinese with a much larger segment of 27.2 percent while the remainder were owned by foreigners, of whom, the majority were British.

Even though the Malays made significant improvements to increase their share ownership, they only managed to achieve 19.2 percent at the end of the NEP (1990) instead of 30 percent of what had been targeted earlier.

Table 4. Ownership of Share Capital Between Races.<sup>46</sup>

Year	Total value (RM mil)	<b>Malays</b>		Total	Nomin Comp	<b>Chinese</b>		Others	Foreign
		Individual	Trustees			Individual	Others		
1970	5329.2	2.4	1.7	4.3	6	27.2	0.8	61.7	
1980	32,420	4.3	8.1	12.4	6	33.1	1.0	47.5	
1985	77,964	11.7	7.4	19.1	7.2	33.4	1.4	38.9	
1990	108,377	14.1	5.1	19.2	8.5	45.5	1.4	25.4	
1995	179,792	8.6	2	20.6	8.3	40.9	2.5	27.7	
1999	310,076	17.4	1.7	19.1	7.9	37.9	2.4	32.7	

The most important characteristic of the NEP was the government's direct involvement in steering the economic activities through the state's administration agencies and the establishment of public corporations and statutory bodies by using the state's funds. The progress was more significant when the NEP was expanded from agriculture and rural development into industrial and commercial sectors. According to the Human Development Index of the UN, Malaysia ranked fourth (behind Saudi Arabia, Korea and Mauritius) in terms of achievements in standards of living

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<sup>46</sup> Seventh Malaysia Economic Plan, in [<http://www.smpke.jpm.my.rancangan>], Accessed 12 June 2003.

from 1970 to 1990.<sup>47</sup> During this period, the Malay middle class rose from 18 percent to 28 percent of the population and the industrial working class tripled from 7.8 percent.

In order to provide more benefits to the Malays, the government implemented quota systems for all races to pursue higher studies in local public universities particularly in the fields of medicine, engineering and science. Therefore, in achieving its second goal of restructuring the society, the policies were able to increase the number of Malays in professional fields. This action plan subsequently managed to increase the participation of the Malays in professional fields by 120 percent from 1980 to 1998.

Table 5. Percentage of Registered Professionals by Ethnic Groups.<sup>48</sup>

Professions	1980			1990			1998		
	MALAYS	CHINESE	INDIANS	MAL	CHI	IND	MAL	CHI	IND
Accountants	7.4	77.9	7.2	11.2	81.2	6.2	15.2	77.9	5.8
Architects	10.7	86.5	1.3	23.6	74.4	1.2	40.0	58.0	1.7
Dentists	10.3	65.7	21.3	24.3	50.7	23.7	34.1	44.8	19.2
Doctors	9.7	43.7	41.7	27.8	34.7	34.4	35.8	31.1	30.3
Engineers	18.5	71.3	6.3	34.8	58.2	5.3	42.1	51.6	5.1
Lawyers	14.8	48.5	35.4	22.3	50.0	26.5	30.9	42	26.2
Surveyors	31.2	58.7	7.2	44.7	49.6	3.7	48.3	45.6	3.2
Vet Surgeons	17.8	27.8	46.5	35.9	23.7	37	40.8	25.8	30.9

The implementation of the NEP with its preferential treatment of the Malays initially created dissatisfaction among the non-Malays, especially the Chinese. However, when the policy came to an end in 1990, most of the political and business leadership of both the Malays and Chinese appeared essentially satisfied with its results. The double

<sup>47</sup> Satish Chand, *State, Society and Governance in Melanesia*, Research School of Pacific and Asian studies, The Australian National University, Discussion Paper 6/97.

<sup>48</sup> Lee Hock Guan, *Ethnic Relations in Peninsular Malaysia*, Social and Culture Issues No. 1, (2000), Institute of Southeast Asia Studies.

edge ambition of poverty reduction mainly within the Malay community and social restructuring across social lines, have been achieved with remarkable success to a certain extent. However, the main objective of reducing the gap between the major racial groups in terms of economic wealth has yet to be achieved and this has forced the government to introduce another policy known as the National Development Policy (NDP).

## **2. The National Development Policy (NDP)**

In 1991, the National Development Policy (NDP) was promulgated as an outgrowth of NEP under the Second Outline Perspective Plans. It was a socioeconomic framework within which the Malaysian society should work until 2000. It encompassed development policies and reaffirmed the relevance of the NEP by retaining its main elements. At the same time, the NDP introduced several new frameworks for balanced developments, emphasized science and technology and further development of human resources not only for the Bumiputra but includes the entire population as a requirement to meet the challenges of an industrial society. Despite the progress made in the NEP, the government admitted that it had failed to create competent Bumiputra entrepreneurs in sufficient numbers.<sup>49</sup> Therefore under the NDP, greater attention was given to place Bumiputra candidates in the private sector and prepare them with the necessary skills to face the competitive global environment of the 21<sup>st</sup> century and be secure in a culture, which is appropriate to the times.

## **3. National Vision Policy**

Vision 2020, which is a vision of what Malaysia should be like in the year 2020, has become the basis for planning

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<sup>49</sup> Barbara and Leornard Andaya, p, 332.

the future of the country under the Third Outline Perspective Plans (OPP 3) from 2000 to 2020.<sup>50</sup> Its principle aim is to achieve first world status by the year 2020 in economic, infrastructure and social structure. It calls for total development and envisions that by the year 2020, Malaysia can be a unified nation, with a confident Malaysian society, infused by strong moral and ethical values. The policy also emphasizes a society that is democratic, liberal, caring and tolerant, economically just and equitable, progressive and prosperous and in full possession of an economy that is competitive, dynamically robust and resilient.<sup>51</sup>

Part of the effort is a new shift from relatively labor and capital intensive light manufacturing to heavy industries as well as knowledge-based production. In 1985, the manufacturing sectors, particularly electrical and electronic products, accounted for 57.1 percent of the nation's export earnings and this has reinforced the government's conviction that the future economic prosperity of Malaysia would no longer rest on the export of primary products but on the fruits of high technology.<sup>52</sup>

The OPP 3 focuses on some key strategic frameworks to achieve sustainable growth, which includes ambitious projects known as the Multimedia Super Corridor, the vehicle that has been designed to turn Malaysia into a knowledge-based society as part of the effort to modernize

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<sup>50</sup> Eight Malaysian Plan, in  
[<http://www.smpke.jpm.my/RancanganWeb/menuRM8.htm>], Accessed 13 August 2003.

<sup>51</sup> Ibid.

<sup>52</sup> Barbara and Leonard Andaya, p. 333.

the society and create a skilled professional labor force. At the same time, forging a unified nation was continuously placed as the highest priority of the vision.

#### **G. THE WEAKNESSES OF NEW ECONOMIC POLICY AND NATIONAL DEVELOPMENT POLICY**

The involvement of Malaysian political parties in business is very common in the NEP era. Through the myriad connections between entrepreneurship and politics, ethnic partnerships became a crucial aspect of political business. However, this kind of partnership is uneven and often resembles a patronage-like relationship in which a Malay dignitary serves as the figurehead for an investment by a non-Malay corporate. This phenomenon has been termed party capitalism which Verma describes as:

A range of practices whereby the benefits of state economic sponsorship and protection are channeled to individuals, group of private companies associated with the ruling parties, in particular UMNO. It has resulted blurring of state and UMNO business interests and increasing dominance of UMNO and UMNO associated enterprise in the economy.<sup>53</sup>

This explains the heavy involvement of political parties, especially the UMNO, in business through holding companies. To complicate the matter, those dignitaries who were disguised under the name of Bumiputras grabbed most of the government's contracts. As a result, while the main designated categories were Malays as a group, the main beneficiaries were the Malay middle class, Chinese

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<sup>53</sup> Verma, p. 71.

businessman and politicians.<sup>54</sup> The promotion of Bumiputra entrepreneurship through privatization was affected as politics of favoritism limited access to such activities.

Brown (1994) claims that the government has not restricted society to promote the socio-economic mobility of the Malays, but instead used the NEP to promote the acquisition of capital by the expanding Malay state bourgeoisie.<sup>55</sup> This led to dissatisfaction among the lower class Malays and those without connections to the ruling parties. The 30 percent allocation for Bumiputras shares in public equity also resulted in the creation of a rent-seeking Bumiputras business class, who are more interested in using the government corrective policies for quick gains rather than in becoming genuine entrepreneurs.

Some scholars argue that only a very small percentage of funds for poverty reduction actually reached the target groups. They attribute this to political bureaucratic middlemen who not only lacked business experience, but also more importantly, were primarily interested in self-enrichment.<sup>56</sup> This has contributed to a new emerging problem of intra-Malay inequality and jeopardized the entire program of balancing the economic wealth and resulted in the policy's negative effect. In the Amanah Saham Nasional (ASN) unit trust scheme, for example, 75 percent of the

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<sup>54</sup> Steven Ratuva, *Economic Nationalism and Communal Consolidation: Economic Affirmative Actions in Fiji, 1987-2000*, Pacific Economic Bulletin, Vol. 17 No. 1, May 2002.

<sup>55</sup> Dixon, p. 146.

<sup>56</sup> Verma, p. 71.

shares were owned by only 1.3 percent of the total Malay participants in late 1980s.<sup>57</sup> Concern for the high intra-Malay inequality could be drawn from the following excerpt:

Intra-ethnic income disparities are still sizeable, with inequality among the Bumiputra being higher relative to that of the non-Bumiputra. The Gini coefficient in 1998 for the Bumiputra was 0.4495 while that for the Chinese was 0.4188 and the Indians 0.4092 (That may not seem like much, but it is. On the Gini Index, a 0.0 means perfect equality and 1.0 means one person earns all the income). As another comparison, whilst the mean income of the top 20 percent of the Chinese household was about 8.6 times the income of the bottom 20 percent, the disparity between the top and bottom income households for the Malays was about 9.2 times.<sup>58</sup>

Malaysia also had the highest income disparity in the Asia Pacific region with an income disparity ratio of 11.7 percent between the richest 20 percent and poorest 20 percent of the population in 1999.<sup>59</sup> The disparity in the intra-Malay group is very much higher compared to the other races as tabulated in the statistic:

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<sup>57</sup> Dixon, p. 146.

<sup>58</sup> *Malaysia, The Second Outline Perspective Plan, 1991-2000*, Kuala Lumpur, National Printing Department, p. 100.

<sup>59</sup> Dr. Sulochana Nair, *Poverty in the New Millennium - Challenges for Malaysia*, Faculty of Economics, University Malaya, Kuala Lumpur.

Table 6. Gini Coefficient by Ethnic Groups, 1957-1995.

	Overall	Malay	Chinese	Indian
1957	0.412	0.342	0.374	0.347
1967	0.444	0.400	0.391	0.403
1970	0.502	0.466	0.455	0.463
1976	0.529	0.494	0.505	0.458
1979	0.493	0.488	0.470	0.460
1984	0.480	0.469	0.452	0.417
1987	0.458	0.447	0.428	0.402
1990	0.446	0.428	0.423	0.394
1995	0.4560	n.a.	n.a.	n.a.
1998	0.4586	0.4495	0.4188	0.4092

MAPEN (II) 2001<sup>60</sup>

Due to this situation, it is possible that the tradition of ethnic identification development may be superseded by a growing sense of class-consciousness, and ethnic interpretation of uneven development will increasingly be replaced by class interpretation.<sup>61</sup> Another negative impact of the government instituted affirmative action policies is that the Malay population is so used to privileges that a subsidy mentality has developed. This led many young Malays to believe that the benefits are their birthright, and therefore, lack the spirit of competition with other races. Many Malay businessmen put their businesses in jeopardy by using their loans and profits for luxury consumption. The former Prime Minister, Dr. Mahathir Mohammad, pointed out the disappointment of this development as he said:

Malay businessmen had been nurtured on easy credit, business licenses, government contracts and other forms of preferential treatment.... They did not fulfill NEP's vision of a class of

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<sup>60</sup> Mapen 2, *Dasar Pembangunan Wawasan, 2001-2010*. Laporan majlis Perundingan Ekonomi Negara Kedua (MAPEN II) 2001.

<sup>61</sup> Dixon, p. 147.

competitive Malay entrepreneurs. Malay professionals were raised in 'MARA colleges' and trained abroad on state scholarships to form a 'permanent middle class' but clung to the state for employment. NEP's restructuring appeared to have removed the racial imbalances only in form because in reality NEP fostered a 'dole', 'subsidy' or 'get-rich-quick' mentality among the Malays. State protection had perpetuated Malay dependence on the state.<sup>62</sup>

Roemer emphasizes that affirmative action policies may result in perpetuating the disadvantaged status of the less advantaged or less privileged because of its bad incentive properties.<sup>63</sup> Many Malays tended to perceive the NEP as a get rich quick policy and not as an instrument of social and economic engineering. Dr. Mahathir also criticized the Malays' lack of competitive spirit with his remarks:

The success of the NEP in bringing up the Malays to a higher level of development has also brought about a change in the character of the Malays. They thought that they would no longer need to work hard as they will always succeed in Malaysia... This new attitude will result in the failure of our affirmative action to help the Malays catch up with the other races and they may once again become the deprived in their own country.<sup>64</sup>

Due to several privileges and protection, the Malays ended up being pampered and became over dependent on government support. This has jeopardized the government's vision to produce a competitive society and initial planning of shifting to other development programs.

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<sup>62</sup> Gomez and Sundram, p. 118.

<sup>63</sup> Roemer, p. 112.

<sup>64</sup> Dr. Mahathir bin Mohammad, *Malaysia on Track for Vision 2020*, 10 January 1997.

## H. CONCLUSION

The implementation of government instituted affirmative action policies in post-conflict countries is important in order to create a stable society. Rawls highlighted the importance of justice and stability as the correct reasons for liberal and decent societies to live as members of a society of well-ordered people.<sup>65</sup> Dr. Mahathir, in reaction to the argument that only a small group of Malays benefited from the NEP, told the Bumiputra Economic Convention held at the University Kebangsaan Malaysia:

In fact, almost all Bumiputra participants at this convention, whether on or below the stage, has received a gift from the NEP. If they are already working, I believe their income is higher than their family income in the past. If they are still studying, this too means that their income has increased because their family may not afford a student's full expense at university.<sup>66</sup>

As Malaysia is facing globalization as well as economic liberalization, such policies have created a better society than that in the late 1960s. The final political end of society is to become fully just and stable for the right reason. Once the target is met, Rawls prescribes no further targets such as raising the standard of living beyond what is necessary or a further reduction of material inequalities among societies.<sup>67</sup> Therefore, the government instituted affirmative action policies should be described as a tool of justice, which rectifies past discrimination against target groups whilst contributing to the demand for equality and equity for a society.

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<sup>65</sup> Rawls, p. 120.

<sup>66</sup> Khoo Boo Teik, *Paradoxes of Mahathirism - An Intellectual Biography of Mahathir Mohamad*, Kuala Lumpur: Oxford University Press, 1995, p. 126.

<sup>67</sup> Ibid., p. 119.

However, moving towards a fully industrialized country will require more actions by the state, especially in the creation of a more balanced society. This requires not only inter-racial reconstruction policies but also includes intra-racial restructuring. The double-edged sword of affirmative action policies requires significant growth of professional as well as technical workers. This, in turn, requires an intensified effort to provide the entire society with requisite education and skills.

### **III. THE DEBATE ON AFFIRMATIVE ACTION POLICIES AND MERITOCRACY**

#### **A. INTRODUCTION**

The introduction of the New Economic Policy (NEP) in Malaysia in 1970 sparked several arguments about the future of other racial groups such as the Chinese and the Indians in restructuring Malaysian society. The policy, which was in response to the 13 May 1969 racial riot, accorded certain privileges to the Bumiputras indigenous group to correct what was perceived as economic and social imbalances relative to other races. A majority of the Bumiputras were Muslim Malays, who resided in rural areas and lagged behind other racial groups in economic development. The 'divide and rule' policy imposed by the British during the colonial era widened the gap between the three major races by exploiting occupational divisions, which in turn, led to economic inequality.

The focus of this chapter is to provide a broader perspective on affirmative action policies through social engineering and the effect on the application of a meritocratic system. The social, economic and political conditions of Malaysian society have developed further under the corrective program. Various arguments have been made whether the government's affirmative action policies to reduce the social gap between races resulted in positive or negative outcomes. Did the corrective programs achieve the main goal or contribute to other problems? Is it still practical to attempt to implement the current set of policies? The rationality of applying a meritocratic system in this plural society country is then examined.

## B. SOCIAL HARMONY

In a post-conflict society, the primary conflict driver should be clearly identified prior to implementing any policy response. The *Laissez-faire* policy has divided the Malaysian society in various forms and forced the government to consider necessary actions to correct the social and economic imbalance. Walter Feinberg (1977) states that one of the most forceful justifications for affirmative action programs is that they will provide depressed groups with trained personnel needed to improve the quality of life for all.<sup>68</sup> This would motivate them to acquire the necessary skills to move forward. As it is presently interpreted, the established image of equality both masks and justifies the level of prevailing inequalities.

Kevin Young, Bussink and Hassan (1980) argue that if there had not been significant government intervention, Malaysia's poor would have been much worse off.<sup>69</sup> The Malays would have been left out, as they were not able to compete with the Chinese economically. The widening gap between the Malays and the Chinese may spark a much more serious incident if it is ignored by the government.

Barbara and Leonard Andaya (2001) agree with this reasoning and argue that the NEP succeeded in removing the association of ethnicity with economic function and more Malays are venturing into industry and commerce.<sup>70</sup> The NEP has managed to reduce economic disparity between the Malays and the Chinese.

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<sup>68</sup> Walter Feinberg, *Equality and Social Policy*, Urbana: University of Illinois Press, 1978, pp. 4-7.

<sup>69</sup> Kevin Young, Bussink and Hassan, p. 5.

<sup>70</sup> Andaya, p. 312.

Jill Eyre (1997), however, criticizes the policy as a scheme of positive discrimination in favor of the Malays.<sup>71</sup> The concentration of the government to improve the status of the Malays is believed to be at the expense of the others.

Vindhoo Verma (2002) strengthens this argument that even though nation building in Malaysia was achieved through the reservation of the Malays' rights, the concept of subsidies made the Malays more complacent and reduced their tendency to compete with other races.<sup>72</sup> An example of this argument occurred in 2001 when the Education Ministry reported that 7,000 places in local universities reserved for Bumiputras under special quotas were unfilled. This finding subsequently sparked the argument that the government should practice meritocracy instead of positive discrimination in favor of the Malays.

David Landes (1998) states that an ideal society practices no discrimination on the basis of irrelevant criteria such as race, sex and religion.<sup>73</sup> He elaborates further, that college admission, employment and government contracts should be chosen based on their competency and relative merits and compensated according to their performance. These actions would encourage more competition among workers and contribute towards productivity.

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<sup>71</sup> Eyre, p. 133.

<sup>72</sup> Verma, p. 79.

<sup>73</sup> David Landes, *The Wealth and Poverty of Nations*, London: Little Brown Company, 1998, p. 11.

John Rawls (1999) however, argues that one reason for reducing inequalities within a domestic society is to relieve the suffering and hardship of the poor. At the same time, it is unjust if narrowing the gap leads to citizens being stigmatized and treated as inferiors.<sup>74</sup>

Affirmative action policies such as the NEP and NDP have been able, to a certain extent, improve the status of the Malays and increase their participation in economic development. At the same time, there were also some negative results on the intra-racial social development especially the widening gap between the middle and lower class. This requires further attention by the policy makers.

#### C. REDUCTION OF ECONOMIC INEQUALITY

Economic inequality remains the main issue that may reignite racial conflict in Malaysia. A majority of conflicts that have occurred in the post cold war era were due to the scarcity of economic resources, which created grievances within the society such as in Liberia, Sudan, Sierra Leone, Fiji, Sri Lanka and South Africa, among others.<sup>75</sup> The failure and inability of those governments to intervene at the earlier stage of conflicts had made matters worst. Gomez and Sundram (1999) praise the implementation of the NEP and highlighted the remarkable reduction of poverty in Malaysia from 49 percent of households before the policy was launched in 1970 to 15 percent in the late 1980s. At the same time, the

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<sup>74</sup> Rawls, p. 114.

<sup>75</sup> This is centered on the decrease in available spaces in professional schools such as medical and law schools; the decrease in the number of homes being built because of the falling supply and rising cost of materials; a rising cost of living that is not in proportion with salary scales; the rising cost of fuel for both the home and cars as a result of dwindling supplies.

Bumiputras' share of equity in publicly listed companies increased from 2.4 percent in 1970 to 20.6 percent in 1995.<sup>76</sup> However, despite the success in reducing poverty in all racial groups, and the increase in Bumiputras' equity, the inability to achieve the projected target of 30 percent economic wealth for the Malays even with government support requires further analysis. The emergence of 'intra-racial inequality' is most likely due to the failure to improve the situation in other sectors such as political, educational and social relations. Furthermore, it also creates a society that keeps relying on government's protection.

In order to succeed in community development, all parts of society need to play their roles sincerely and systematically. Daniel Cohen (1998) identifies the importance of investment in education attainment as a condition for "catching-up".<sup>77</sup> Society needs to have a common agenda and a means of assisting each other. This may allow for smooth development in all related sectors that will contribute towards achieving the objective.

Adam and Cavedish, however, commented that the implementation of the NEP hindered economic growth.<sup>78</sup> They argue that the economic performance and welfare of the Bumiputras would have been even more greatly enhanced if growth had not been constrained by the NEP. Malaysia ranked third after Japan and Singapore among East Asian nations in economic growth prior to the implementation of the NEP in 1970 but dropped to sixth place in 1990. This was in

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<sup>76</sup> Gomez and Sundram, p. 179.

<sup>77</sup> Daniel Cohen, *The Wealth of the World and the Poverty of Nations*, Cambridge: The MIT Press, 1998, p. 115.

<sup>78</sup> Gomez and Sundram, p. 25.

relation to the introduction of the Coordination Act in 1975, which requires all firms with capital greater than RM 100,000 (US \$38,610 in 1975) or employing more than 25 workers, to register a license with the Ministry of Trades and Industry.<sup>79</sup> This condition led to many entrepreneurs opting for non-expansion in order to remain below the minimum level specified by the Act. It also affected the willingness of local businessmen to invest or reinvest. The authors argue that the emergence of cronyism and favoritism in government decisions were also reasons that hindered the rapid growth of the economy.<sup>80</sup>

While the implementation of the NEP influenced the level of poverty and income inequality, in the author's opinion, the impact on growth is not that significant. Comparing Malaysia's position before and after the implementation of the NEP without taking into consideration those other nations was not '*ceteris paribus*' (with all other things remaining the same) can be quite misleading. Even though Adam and Cavedish argue that growth would be much better without the NEP, it will not solve the main problem of economic disparity of the society.

The objectives of the NEP were planned to allow the Bumiputras to "catch up" with the Malaysian Chinese especially in business. The privileges under the NEP included larger quotas for Bumiputras in universities, housing applications and government contracts. Despite the success of affirmative action policies in the eradication of poverty, which contributed largely to the political and socio-economic stability in Malaysia, the Bumiputras still

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<sup>79</sup> Dixon, p. 135.

<sup>80</sup> Ibid.

lag behind other ethnic groups in economic performance. Beside various disturbing developments concurrent with the successes, the corrective policies have also created a community with a complacent attitude that relies on subsidies and other forms of support from the government.

The replacement of the NEP with the NDP in 1990 signaled a significant shift in the government's policy in order to make the Bumiputras become more competitive. Rather than developing on their own, they were encouraged to cooperate with and assist other races, and especially in business.

#### **D. MAINTAINING POLITICAL STABILITY**

Security and development go hand in hand with the ability to produce an equal and more stable society. The ability to avoid any racial conflict in post 1969 was partly due to the government's restriction on the rights of the people. Even though Malaysians have enjoyed regular elections and political stability, the government's inability to fulfill the three essential conditions, extensive political competition, a high level of political participation and civil liberties, has resulted in Malaysia being labeled as 'semi-democratic'.<sup>81</sup> Verma (2002) strengthens this label with her argument that multiculturalism in Malaysia is simply rhetoric that disguises inequality as a means of making a group of minorities so that they can be controlled.<sup>82</sup> Even though the society was plural or multi ethnic, the state was mono ethnic, identified predominantly with the Malay community.

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<sup>81</sup> Larry Diamond, *Developing Democracy Towards Consolidation*, Baltimore and London: Johns Hopkins University Press, 1999.

<sup>82</sup> Verma, p. 40.

However, Rainer Heufers (2002) argues that the general political culture in Malaysia regards a strong government as a requirement for political stability and national unity while political competition is seen as irrelevant to Malaysia's needs.<sup>83</sup> In this aspect, even though the people do not enjoy total civil rights, the majority of them still support the policies of the government.

Aren Lijphart (2000) agrees that deep ethnic and other societal divisions pose grave problems for democracy relative to homogenous societies.<sup>84</sup> Therefore, power sharing, which means the participation of the representative of all significant groups in political decision-making, is required especially in the areas of education and culture. He also highlighted the successful implementation of a consociational democracy, in which ethnic blocs cooperated in order to retain the support of their followers. In Malaysia, this concept was used where a coalition cabinet of ethnic parties is formed according to a Parliamentarian System.<sup>85</sup>

Due to Malaysia's unique democratic system, the implementation of a consociational democracy will likely work well as long as others are '*ceteris paribus*'. Any transformation into any other system may not be accepted due to the existence of political parties based on ethnic groups.

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<sup>83</sup> Rainer Heufers, *The Politics of Democracy in Malaysia*, ASIEN, 85, pp. 39-60, (October 2002).

<sup>84</sup> Aren Lijphart, Power Sharing and Group Autonomy in the 1990s and the 21<sup>st</sup> Century, University of California, San Diego, 2000.

<sup>85</sup> Lijphart, p. 10.

#### E. THE IDEA OF MERITOCRACY

The implementation of meritocracy in any society would enable people to compete with each other for a better place and benefits. William Myer (1993) argues that reliance on meritocracy guarantees an increase of freedom and social utility, and subsequently, increases in goods and services. He further quoted Goldman's argument that hiring by competence qualifies as a just distributive principle.<sup>86</sup> Embarking on meritocracy enables people to act freely and motivates them to advance further. This is also to compensate for whatever sacrifice had been made. Myer also highlights that inequalities are the results of a logical outcome of meritocracy that continues to guarantee the increase in goods and services as an excellent way of ensuring the talents of the most competent individual.<sup>87</sup> Based on his argument, only those capable will be entitled to be at the top. Since equality does not exist naturally, people must struggle in order to get whatever they want.

Blum states that the meritocratic ideology allows the middle class to gain power by defining merit in terms that allows them to make claims on upper class positions formerly allocated by birth.<sup>88</sup> The middle class can also easily manipulate the system towards their advantage. The features of such a society would include high rates of social mobility and the absence of any association between class origin and destinations.

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<sup>86</sup> A. J. Williams Myers, *Biological Differences, Social Inequality and Distributive Goods- An Exploratory Argument*, Journal of Black Studies, Vol. 13 No. 4, June 1983, pp. 399-416.

<sup>87</sup> Ibid., p. 410.

<sup>88</sup> Ibid., p. 408.

Coleman, however, argues that total reliance on a meritocratic system is restrictive with respect to distributive goods and tends to confine the bulk of the population to the lowest level of the economic scale.<sup>89</sup> If strict meritocracy is applied, the majority of people will be unable to improve their standard of living due to a lack of qualifications and opportunity.

Landes lays out the characteristics of a society to pursue material progress and general enrichment by choosing people for jobs based on competence and relative merit, promoted and demoted on the basis of performance with no discrimination derived from irrelevant criteria, race, sex, religion etc.<sup>90</sup> This will enable workers to be motivated and willing to strive for the betterment of themselves and also the organization to which they belong.

The defenders of meritocracy argue that the system is not only a sure way of getting the most highly qualified people but appears to be the most just way of dealing with a growing scarcity of distributive goods. They view this as a 'winner-take-all' strategy that is being supported by capitalists.

Allex Callinicos defines meritocracy as a society in which the most able and committed people can succeed in attaining the most attractive, responsible and well-rewarded positions.<sup>91</sup> Therefore, in order to achieve that position, they have to prove that they are qualified in all aspects.

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<sup>89</sup> J. Coleman, *Resources for Social Change: Race in the United States*, New York: John Wiley, 1971.

<sup>90</sup> Landes, p. 11.

<sup>91</sup> Allex Callinicos, Meritocracy - Unequal Opportunity, *Socialist Review*, Issue 253, June 2001.

Rawl (1971) argues that no one deserves his greater natural capacity nor merits a more favorable starting point in society. He phrases it as in order to have social value, liberty and opportunity, income and wealth and the social bases of self respect are to be distributed equally unless an unequal distribution of any or all of these values are to everyone's advantage.<sup>92</sup>

Roemer argues that part of the condition for implementing meritocracy is a requirement for equal opportunity where society should be at the same 'level of the playing field'.<sup>93</sup> Therefore, certain privileges or priorities must be given to a particular community until they can be on par with others.

In the author's view, the idea of meritocracy can be accepted if the targeted society has some general similarities that enable them to compete among themselves. As long as this situation does not exist, the government needs to provide certain privileges to the disadvantaged in order for them to catch up with developments. Meritocracy was perhaps most appropriate for a utopian and egalitarian society. This can only occur when the community has already reached a stage where basic needs no longer become the main criteria for competition.

#### **F. CONCLUSION**

On the principles of justice, it is argued that goods and resources should be distributed fairly and justly. Generally, affirmative action policies have improved the socio-economic condition of the majority of Malays and other racial groups. Through the government's guided

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<sup>92</sup> Rawls, p. 101.

<sup>93</sup> Roemer, p. 84.

policies, developments are phased in toward modernization, which would transform the entire society into an industrialized community.

However, in order to achieve its Vision 2020 and to compete peacefully in the era of globalization and economic liberalization, Malaysia needs to improve its manpower. Malaysia cannot be a caste society if it plans to be a developed nation. It has to make better use of its human capital. The policy of meritocracy will enable the country to move forward and reconcile its dilemmas to meet future challenges with greater courage and confidence. The idea of meritocracy may be adopted accordingly in areas that require skills and knowledge especially when dealing with international actors or multinational corporations. This requires thorough preparation and also commitment by related sectors in order to participate actively in any organization.

At the same time, others can focus on how to improve themselves as individuals, which will later benefit the nations as a whole. In order for Malaysia to attain its aim of being a world-class nation in the global economy, it must have competitive actors, which emphasized meritocracy. This will provide economic growth and develop Malaysia into a resilient, competitive and globally connected economy.

## IV. THE PROMISE OF MERITOCRACY

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, that among these are life, liberty and the pursuit of happiness.

- Thomas Jefferson

### **A. INTRODUCTION**

The idea and vision of equality and parity, which is believed by many to lead to prosperity, has become the foundation of most modern states. Breaking class barriers by embarking on a policy of meritocracy in education, health care, and job opportunities is important in achieving the aim of good governance. Furthermore, it is strongly believed that the policy of meritocracy will lead to upwards-social mobility and a raising in economic, social and political standards.<sup>94</sup>

The focus of this chapter is to examine whether a meritocratic system is compatible with the concept of a just society that seeks to eliminate social inequality and the advancement of formerly disadvantaged groups. The idea of meritocracy is to enable individuals to overcome the barriers that hold people back and create incentives for innovation and achievement. Meritocracy, in concept, gives the greatest rewards based upon effort and achievement and therefore, avoids unfair discrimination in a symmetric society. As qualifications become more important, people

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<sup>94</sup> Opportunities for movement between different social groups and the advantages and disadvantages that go with this in terms of income, security of employment, opportunities for advancement etc.

may believe in meritocracy as the only legitimate way of selecting people for positions of importance, rather on the basis of class, race or creed.

Whether a meritocratic-oriented system would be successful in producing a highly talented society is an open and important question. This chapter discusses the fundamentals of meritocracy and the possibility of achieving a society with economic equality, social harmony and stability through meritocratic policies. Meritocracy is then discussed in relation to the goals of equality of opportunity and non-discrimination. The chapter concludes with the idea of an ideal multi-racial society.

#### **B. THE FUNDAMENTALS OF MERITOCRACY**

Meritocracy is a system of social stratification, which is based on personal merit rather than on personal wealth, privileges or social position. Michael Young introduced the concept of meritocracy in 1958 as a satire in his book, *The Rise of Meritocracy*, which he tried to exaggerate the emphasis on merit in the education system. Basing the education system on IQ test scores would create an oppressive elite and intolerant society.<sup>95</sup> Young argued that the concept would create social revolution, in which those who excel would be able to overthrow the elites controlling the government, and at the same time, disassociate themselves from the public. However, the term is now used more commonly to mean a system of competition wherein selection is made based on merit. It encourages individual improvement by providing the greatest rewards to those with the most merit or who are more successful.

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<sup>95</sup> Michael Young, *The Rise of Meritocracy 1870-2033*, Baltimore: Penguin Books, 1958, p. 21.

Meritocracy is an important concept and a measurement in social mobility analysis. In British sociology, much debate has focused on the concept of meritocratic ideals, where occupation and ability are perfectly matched.<sup>96</sup> In the United States, Lemann argues that meritocracy is much admired as it rewards those who deserve it rather than distributing rewards by fiat in some way that involves the circumstances of birth.<sup>97</sup> In general, people should be chosen not for their general worth but their academic ability. Meritocracy, in this context, is selection by grades and test scores rather than by people's demonstrated abilities to do particular things. Paper qualifications seem to be more accepted than experience.

Stephen Aldridge defines meritocracy as a society in which the most able and committed people can succeed in attaining the most desirable, responsible and well-rewarded positions<sup>98</sup>. The features of such a society would include high rates of social mobility and the absence of any association between social groups, class origins and destinations. In a genuinely meritocratic society, where merit and IQ tests are the same thing, one would expect downward as well as upward mobility. In other words, there is a significant possibility that the less talented children of those in the upper or elite class in the social structure would be replaced by the higher merit generations of the lower class. The belief is that IQ tests could be the means to create a society in which the advantage would

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<sup>96</sup> Tom Nicholas, *The Myth of Meritocracy: An Enquiry Into the Social of British Business Leaders Since 1850*, Working Paper No. 53/99.

<sup>97</sup> Nicholas Lemann, *The Big Test - The Secret History of the American Meritocracy*, New York: Farrar Straus and Giroux 1999, p. 343.

<sup>98</sup> Stephen Adlidge, *Social Mobility: A Discussion Paper*, London: Performance and Innovation Unit, 2001.

go to the people who deserved it rather than to those who had been born into it.<sup>99</sup> However, the IQ test is occasionally impractical when basing it on people's different backgrounds and their experiences. The less exposed students from rural schools, for example, would not be able to describe ideas as well as those from well-established urban schools.

The idea seems to be geared towards establishing a knowledge-based government, which is more just and transparent, more productive and efficient, and ends such practices of nepotism, favoritism and discrimination. Meritocracy requires intelligence and effort, which encourages evolution rather than revolution. Therefore, in a meritocratic system, those who attain better occupations and a higher social status do so because they work harder and are more skilled than others. This would subsequently lead to the formulation of well-focused policies that would improve both efficiency and equality with higher productivity.

Shelly Lundberg categorized meritocracy as either unrestricted, which provides no limit for the strongest to keep accumulating power until the weak are left behind or moderate meritocracy, where the most talented continue to be rewarded<sup>100</sup>. Unrestricted meritocracies utilize the principle of *laissez faire* that allows competition based on the freedom of rights and avoids intervention by the government. In the latter, however, a percentage of

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<sup>99</sup> Richard Hernstein and Charles Murray, *The Bell Curve - Intelligence and Class Structure in American Life*, New York: The Free Press, 1994, p. 511.

<sup>100</sup> Shelly J. Lunberg, *Inequality and Race in Kenneth Arrow, Samuel Bowles and Steven Durlauf, eds., Meritocracy and Economic Inequality*, New Jersey: Princeton University Press, 2000, p. 270.

resources are redistributed back to the middle class to keep them competitive and to mitigate the inequality of a 'winner take all' meritocracy.

Therefore, generally moderated meritocracies are more preferable than the unrestricted if equity concerns are important. The most important objective, by far, is that meritocratic policies enlarge the size of the middle class, which comprises the talent pool from which the nation's best and brightest are drawn. The healthier and larger the pool, the more resources that exist for scientists, leaders, entrepreneurs, managers and others. In such a moderated meritocracy, individuals would systematically be selected for roles and positions suited to their abilities.

James Flynn identified two kinds of meritocracy. The first is a social mobility meritocracy because the dynamic that correlates genes with class is social mobility in the absence of inequality and privilege.<sup>101</sup> In social mobility meritocracy, individuals play an important role in economic development and advancement. Since everybody has the same 'starting point', each and every one is able to prove his or her real worth in any particular field. This type of meritocracy could occur in all societies, whether ethnically homogenous or heterogeneous. The second is an ethnic mix meritocracy, caused by the growth of an ethnic group characterized by both a below average IQ and inferior social status. For an ethnic mix meritocracy, mobility is constrained by ethnicity as well as relative merit. Flynn

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<sup>101</sup> James R. Flynn, *IQ Trends Over Time: Intelligence, Race and Meritocracy* in Kenneth Arrow, Samuel Bowles and Steven Durlauf, eds., *Meritocracy and Economic Inequality*, New Jersey: Princeton University Press, 2000, p. 45.

emphasized justice for all races and classes, the reduction of inequality and the abolition of privilege in order to be a moral society.

Glenn Loury, in support of the idea of meritocracy, argues that 'quota-like' corrective policies do not necessarily shift workers' incentives in the right direction.<sup>102</sup> If the policies force firms to set lower standards for minorities, then minority workers may be persuaded that they can get the desired jobs without making a costly investment in skills.<sup>103</sup> At the same time, if discrimination is in fact taking place, then it reduces the incentives for the workers being discriminated against to acquire skills or share knowledge with the privileged group. Thus, skill disparities might worsen under such policies. Accommodating students for tertiary education with minimum standards to a certain extent could lead to negative impacts on the state's development. Competition should be encouraged to enable them to strive for better place.

Sam Vaknin notes the differences between policies of meritocracy and oligarchy.<sup>104</sup> While oligarchy is a closed club with various restrictions, meritocracy is an open club where the rules for joining publicly known and generally accepted, application procedures are equal for all and alterations made are based on the social and economic environment. Therefore, meritocracy is considered a fair play approach, which goes by the rules of law.

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<sup>102</sup> Glenn Loury, *Conceptual Problems In the Enforcement of Anti-Discrimination Laws*, in Kenneth Arrow, Samuel Bowles and Steven Durlauf, eds., *Meritocracy and Economic Inequality*, New Jersey: Princeton University Press, 2000, p. 297.

<sup>103</sup> Ibid., p. 298.

<sup>104</sup> Vaknin, p. 10.

Based on these arguments, meritocracy would improve social development by encouraging individuals to compete on merit. The creation of a new middle class, which benefit most from this concept or enlarging the existing one would assist in the replacement of the ruling elites whom are mainly interested in defending their dynasty and wealth rather than ability to lead. New ideas may speed up advancement and assist in national development.

### C. MERITOCRACY AND EQUALITY OF OPPORTUNITY

John Roemer argues that one of the conditions for implementing meritocracy is a requirement for equal opportunity, the condition that enables individuals to improve themselves through their own ability and efforts rather than class background, gender or ethnicity. In order to compete, society must be provided with a 'level playing field'.<sup>105</sup> The ability to provide equal infrastructures nation wide may encourage the implementation of the concept. It is an equal start for all, regardless of class, race or creed. Roemer stresses that individuals should be given a fair chance to compete for any working position in society according to their characteristics. This would enable those with the relevant and potential capability to eventually be admitted to pools of candidates competing for the same position. Therefore, the suitable candidate, based on characteristics, can be chosen for the related appointment while others may be allocated according to specific positions.

Roemer argues that the concept of equality of opportunity be applied for competition related to employment while a 'positive discrimination principle' be

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<sup>105</sup> Roemer, p. 84.

applied in the competition for a specific position in a society. All individuals who possess the attributes relevant for the position should be included in the pool of eligible candidates. Therefore, the criteria used to fill the appointment must be based on those relevant attributes. Other external factors not relevant for the position should not be taken into consideration. This does not mean, for example, that an atheist could be expected to compete for an Imam's or Rabbi's position of an organization. Race, creed, ethnicity, all could be defining characteristics for retaining positions. This approach will avoid nepotism which offends the sense of fair play and the meritocratic creed that one is supposed to earn what he is worth.

At the same time, Roemer also argues that equality of opportunity also means giving additional privileges to the socially disadvantaged. However, he stresses that this practice has negative psychological effects that could discourage the younger members of the society from participating actively in that particular field.<sup>106</sup> They could perceive the privilege as their birthright and could become dependent upon government subsidies and discriminatory practices. Those who feel inferior and victimized remain inferior while those who believe in their strength will become empowered.

Callinicos stresses that equality of opportunity is, in fact, an ambiguous concept embracing at least three distinct kinds of equality.<sup>107</sup> First, it encompasses the formal prohibition of discrimination based on attributes other than those strictly relevant to the position for

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<sup>106</sup> Roemer, p. 84.

<sup>107</sup> Callinicos, p. 38.

which individuals concerned are being considered. Second, it can also mean meritocracy where the distribution of income reflects individual talent and efforts and where competition to gain access to this reward is open. Third, what he calls 'deep' equality of opportunity that requires the extensive equalization of resources to ensure that the competition for positions is genuinely open but redistribution is required to address persistent inequalities.

Amartya Sen argues that meritocracy is just an extension of a general system of rewarding merit through incentives or action propriety.<sup>108</sup> By providing incentives as a reward for better performance, meritocracy will encourage and motivate individuals toward the establishment of a better society. In this aspect, Sen perceived that any particular society would prefer a meritocratic system that enables them to compete with one another. However, the point that some people are seen as being just more meritorious and talented than others should also be taken into consideration.

Mickey Kaus criticizes that the more the economy's implicit judgments are seen as being fair and based on true merit, the more the losers will tend to feel they deserve to lose. In this situation, it will be a small step to equate economic success with individual worth. This could be a great threat to social equality.<sup>109</sup> Such an environment would lead to separation by class and an illiberal situation.

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<sup>108</sup> Amartya Sen, *Merit and Justice in Kenneth Arrow, Samuel Bowles and Steven Durlauf, eds., Meritocracy and Economic Inequality*, New Jersey: Princeton University Press, 2000.

<sup>109</sup> Mickey Kaus, *The End of Equality*, New York: Basics Book, 1992, p. 48.

Both equal opportunity and non-discrimination principles have their strengths and weaknesses, depending on the purpose of their function. This situation will enable appropriate action be taken to fulfill the economic requirement of a society, and at the same time, also suggests that meritocracy or equal opportunity is a defensible notion. At the same time, it can also be argued that the non-discrimination principle does not do full justice to the idea of equal opportunity because people have different advantages in terms of wealth, intelligence and qualification factors. To determine the proper scope of leveling, equal opportunity needs a general theory of distributive justice for the community. In fact, Roemer suggests that we need both kinds of equal opportunity; meritocratic or other methods of corrective policies.

In Germany, where social class plays an important role in predicting an individual's future, lower class children were the least likely to do well in school and least likely to progress beyond their parents. Only 8 percent of German children whose parents did not attend a university go to college on their own in contrast to American children which is closer to 54 percent.<sup>110</sup> The application of a meritocratic system in Germany would likely produce a more preferred result that could enhance social development.

On the other hand, the ability of Singapore to progress well economically, socially and politically is very much related to its sound policies and application of a moderate meritocratic system.<sup>111</sup> In this case, the

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<sup>110</sup> Stetan Theil, *Class Revival, Germany: The Country's Social System in Cementing Divisions*, Newsweek International, 11 August 2003.

<sup>111</sup> Wu Wei Neng, *Making Meritocracy Real*, London School of Economics and Political Science.

state's policies often emphasize rationality and economic efficiency, and require the population to make adjustments that would only bring long term results. Due to a moderate meritocratic system, those in the higher echelon of government are exchangeable with those in the private sector which has created a higher standard of administration, in both the private and public sectors.

#### **D. STRENGTHS AND WEAKNESSES**

Many challenges need to be overcome in pursuing life, liberty and happiness. Promoting the non-discrimination principle through the lowering of academic or social standards to accommodate certain groups may negatively impact equality and social justice. On the other hand, those who are in the disadvantaged group would not be able to perform or show their talents due to physical or socio-economic limitations. Therefore, they need to be assisted in order to capitalize on their strengths along with constant support in areas pertinent to their field.

Organizations do need people with appropriate skills and expertise who can perform and are sufficiently motivated to perform well. However, complications may arise in choosing the best available person for the job between an experienced worker without academic qualifications and an academically qualified candidate without experience.<sup>112</sup> Promoters of meritocracy would give priority to academic qualifications. However, this approach would also create disagreements among those who are less qualified academically but possess significant work experience. These workers may lose their incentive to work.

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<sup>112</sup> Landers, p. 10.

It is still unclear, however, that allocating jobs and rewards based on merit would best fill collective needs. If merit is defined by educational performance rather than job performance, meritocracies tend to become distributive coalitions resistant to change and especially resistant to performance measurements.

At the same time, if academic achievement is to be strictly considered in any meritocratic system, workers are tailored to perform specific tasks without any flexibility. The situation may develop rifts between educated and experienced groups. In this aspect, meritocratic systems would deny opportunities to capable individuals if related factors are not considered.

Excellent achievement is not intended only for the rich or the privileged, but an objective that is relevant for the whole society regardless of race, religion, social background or gender. A fully developed nation cannot be created without the effort and determination of its society to accept nothing less than excellence, true equality and respectful treatment for all. In order to reach this, moderate meritocracy must be upheld, achievement must be rewarded and empower everybody to excel in their own field.

On the other hand, the implementation of a meritocratic system will also create a society which is completely intolerable. This is a result of people who did well feeling that they do not have social responsibilities towards others, and assume that they deserve whatever privileges they receive that are related to their merits. Therefore, strict emphasis on meritocratic principles leads to a very myopic view of an organization when they are not

selecting or promoting people with a lot of experience but are basing it on qualifications. This situation is actually detrimental to the performance of the organization.

In a pure meritocracy, bright people will rise to the higher positions and tend to produce bright children. As a result, Saunders argues that there would be tendencies for the children of the middle and upper class to outperform the children of the working class.<sup>113</sup> The meritocratic philosophy helps to reproduce the ever-widening gulf between the educated elite and the uneducated poor. The 'winner take all' mentality could become particularly troubling when one considers global free trade and global competition. Meritocracy can create polarization and resentment where each individual has an equal chance of becoming unequal in a society where social origins have no influence on occupational destinations.

On the other hand, the shortage of both skilled and technical workers in a particular country is one of the direct impacts of an unmeritocratic system. Due to lower salaries at home, a large number of professional staff, after completing their studies abroad, preferred to remain and work. This is especially true in the West where the meritocratic system is applied. This phenomenon, known as 'brain drain', was identified by Vaknin as one of the biggest migratory tidal waves in human history. In some countries, such as Macedonia and some under developed

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<sup>113</sup> Peter Saunders, *Intelligence, Meritocracy and Class Differences*, Seminar Paper, University of Sussex, England, 17 May 2000.

countries in Southeast Asia and Africa, the situation is so serious that almost one third of their population has been lost.<sup>114</sup>

In Malaysia, this development has forced the government to establish the 'Reverse Brain Drain' project, a program intended to entice professional personnel to return. Under a 5 year development plan from 2001-2005, Malaysia needs about 212,000 skilled workers especially in technical and engineering fields<sup>115</sup>. Apart from new graduates, the program would overcome the shortage of engineer related jobs based on supply and demand. Government strategies were required that were extremely attractive especially as regards 'upward mobility', greater incentives and other benefits.

Table 7. Demand and Supply of Engineer Professionals in Malaysia<sup>116</sup>.

Type of manpower	Demand	Supply	Demand -supply gap/short fall
Engineer	30,100	21,000	9,100
Engineer Assistance	122,900	84,070	38,830
Assistance Technical	394,000	230,000	164,000
Total	547,000	335,070	211,930

#### E. THE IDEAL SOCIETY

David Landes lays out the characteristics of a society to pursue material progress and general enrichment by selecting people for jobs based on competence and relative merit who are promoted and demoted on the basis of

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<sup>114</sup> Sam Vaknin, Meritocracy and Brain Drain.

<sup>115</sup> Ames Gross, *Human Resource Issues in Southeast Asia*, International Resources Journal, Pacific Bridge Incorporation, Fall 1997.

<sup>116</sup> Ibid.

performance and not discriminated against because of criteria, race, sex or religion.<sup>117</sup> However, this should be done if the level of the society is at par without any difference in characteristics. A country should have this perfect society in order to implement meritocracy. Compassionate meritocracy must be created that emphasizes with the poor and disadvantaged and seeks to redistribute wealth in their favor, which brings maximum justice to every individual.

Even in the United States's experience, the application of meritocracy was not strictly abided to due to differences in social and economic levels of its society. Competition for jobs is still based on the most competent candidates but concerning university admission, certain privileges are given to the less fortunate.<sup>118</sup> This may allow for more participation by the social group in the society, which subsequently may accelerate a state's development.

Applying meritocracy will encourage more interaction in a society through competition with each other, and therefore, it will be possible to overcome the dissatisfaction that leads to conflict. It creates chances for rapid social mobility and creates a belief that people succeed because of actual accomplishments based on individual talent rather than the social class into which they are born.<sup>119</sup>

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<sup>117</sup> David Landes, p. 11.

<sup>118</sup> Ibid.

<sup>119</sup> Frank I. Luntz, *Talk About the American Dream in The New Promise of America*, edited by Lamar Alexander and Chester E. Finn, Jr., Indianapolis: Hudson Institute, 1997.

However, it is also a superficial ideal, and if it is seriously implemented, could easily lead to a 'winner take all' society in which the talented grabbed everything. Therefore, justice sometimes must also come into play by treating people differently on account of their different circumstances and needs. The principle of deservingness is very important to the radical redistribution of wealth to help the disadvantaged. People are born with certain natures that go with certain groups and social justice issues should be resolved among them.

The defenders of the current rewards system seem to be on stronger ground when they cited efficiency rather than merit as their justification. They argue that the free market delivers greater overall prosperity through an unequal distribution of rewards and currently is the most efficient system. At the same time, it may be true that equality tends to bury talent and human worth if it is used as the only effective approach in the pursuit of prosperity. Therefore, the promise of what Etienne Balibar calls 'egaliberte'- or equality and liberty, conceived as the principles of a constitutive feature of modernity, is still far from fulfilling.<sup>120</sup>

#### **F. CONCLUSION**

In order to ensure fair and justice to the society individuals ought to be treated in the same way unless there is a relevant difference between them - Aristotle.<sup>121</sup>

Meritocracy will play a vital role, which judges progress by competence, quality of performance,

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120 Landers, p. 20.

121 Izelde Louise Van Jaarsveld, *Affirmative Actions: A Comparison Between South Africa and The United States*, Managerial Law, Volume 42 No. 6, 2000.

intelligence, ability, effectiveness and hard work, and clear understanding of the proper utilization of resources. It is an indicator of one's strength and ability based on assessment of achievement and potential for future growth. It is the standard used in choosing whom to reward for their efforts. With the development in globalization, the community has to be competitive in order to be on par with other international actors.

Malaysia is struggling to define its place in the new global economic order, where its society is still preoccupied with the question of race and religion. The issue of incompetence and inequality continuously becomes a thorn in the national consciousness. Despite various efforts to overcome the issue, the gap between races remains wide and may jeopardize the vision of having an integrated and equal society. In order to have an ideal society, inter-racial competition should be encouraged which creates more interaction and less dissatisfaction, which subsequently leads to positive achievement. This will enable the state to produce a population of highly qualified people that may be able to participate in the competitive world.

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## **V. THE POLITICS OF MERITOCRACY AND NATIONAL INTEGRATION**

In an unrestricted meritocracy, the strongest keep accumulating power until the weak are eliminated. In an equal society, the equal distribution of rewards causes the excellent to fall, because there is no reward for trying harder. The compromise between these two extremes is a moderated meritocracy, where the most talented continue to be the most rewarded, but a percentage of their resources is redistributed back to the middle class, to keep them competitive and in the game. This keeps the talent pool as healthy as possible, from which even greater talent is drawn. It also unlocks the fullest potential of society. - Steve Kangas<sup>122</sup>

### **A. INTRODUCTION**

Equality of opportunity is an attractive idea that may motivate individuals to strive for a higher standard of living and encourage individuals to seek improvements in their skill sets and knowledge. Having a technocratic society coupled with significant incentives for personal achievement is an objective of many developing and transitional countries. Discriminatory policies may deny opportunities to the population, in general, in favor of a selective group and restrict the ability of individuals to seek the highest return on their skills and knowledge. At the same time, granting privileges to certain groups of people, regardless of their individual abilities, may also impede national development. Even though such policies may encourage and motivate less advantaged groups by sharing opportunities, this practice may also contribute to the development of an uncompetitive society.

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<sup>122</sup> Equality vs Merit at [<http://poorcity.richcity.org/entequiv.htm>], Accessed 30 September 2003.

As the world is globalizing, Malaysia is not immune to the forces of the liberal market system especially when domestic issues and government policies are of interest to international investors and organizations. Any policy that goes against the norm of international regulations may drive away inventors and influence the future development of the country. As the Bumiputras become more affluent and their performance improves, it is appropriate to consider the gradual abolishment of quotas and reduce assistance. This will be in the long-term best interest of the Bumiputras community and the nation as a perpetual period of specific quotas and assistance without considering merit competency can have numerous adverse effects. Therefore, the focus of this chapter is to examine the possibility of applying meritocracy in Malaysia's pluralistic society. As Malaysia does not practice a policy of forced assimilation and each racial group is free to practice its own religion, language and culture, there must be a national consensus on adopting meritocracy.

This chapter discusses the current status of Malaysia's ethno-racial groups and whether there is interest and total agreement about establishing a united 'Malaysian Nationality'. The ability of the Malays to compete without the assistance of discriminatory practices and issues which may inhibit the implementation of meritocracy is then examined. In the third and final part of this chapter, proposals are developed about the suitability of implementing meritocracy in Malaysia and its implications in promoting social integration.

## **B. PERCEPTIONS ON AFFIRMATIVE ACTION POLICIES AND MERITOCRACY**

The implementation of the NEP and the NDP played an important role in Malaysia's economic growth not only for the Malays but also for the entire population. During the early stages of the NEP from 1970 to 1990, the country recorded an average annual growth rate of 7.4 percent.<sup>123</sup> The improvement in economic status subsequently contributed to developments in other sectors that led to the creation of a modern society.

However, despite these positive outcomes, the policies also generated various perceptions within society. Non-Malays were generally supportive of the idea of the eradication of poverty but opposed it when the burden of restructuring fell upon them. The Chinese, especially, saw affirmative action policies as promoting Malay hegemony rather than addressing issues of social disadvantage. They, in general, would have preferred that the government implement policies to improve justice and equality according to meritocratic principles.<sup>124</sup> They argued that the poor are to be assisted based on income class rather than their status as an indigenous people. Even though the Chinese were generally more well off than the Malays, they argued that business opportunities are still biased towards Malays and resent such discriminatory policies.

Before the 1999 General Election, a Chinese pressure group, The Malaysian Chinese Organization Elections Appeals Committees (Suqiu)<sup>125</sup>, presented a seventeen-point proposal

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<sup>123</sup> Just Faarland, JR Parkinson and Rais Saniman, p. 118.

<sup>124</sup> Milne and Mauzi, p. 100.

<sup>125</sup> An umbrella body representing numerous Chinese interest based organization.

to the government calling for the abolishment of Bumiputra and non-Bumiputra status in favor of a system based on income. Other demands included human rights, upholding justice, fair economic policies and a liberal education policy.<sup>126</sup> In general, the Chinese argued that liberalization and competition were needed for the economy and believed that meritocracy would enhance economic development and benefit society in general.

Indians, however, feared that a meritocratic system would further impoverish their community. Abolishing the quota system would deny Indians access to education, create a negative environment for upward mobility and deprive them of participation in economic progress. This would lead to marginalization and increased poverty in the Indian community. MIC felt this was not the right time for meritocracy as Indian students with their weak socio-economic background needed more time to prepare themselves to meet the challenge<sup>127</sup>. Even though the Indian community represents only 7 percent of the population, they committed one third of the domestic violence cases in 1997.<sup>128</sup> Indian leaders argue that Indians are still incapable of competing openly with other races, especially the Chinese. With the implementation of meritocracy for public universities in 2002, the admission of Indian students fell to 4.7 percent of the total enrollments compared to the 10 percent quotas that were allocated in previous years.<sup>129</sup>

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<sup>126</sup> Verma, p. 76.

<sup>127</sup> Study on Meritocracy System at [<http://www.cikgu.net/english/news.php3?page=news20020520a>], Accessed 12 September 2003.

<sup>128</sup> Malaysia Economic Report, 1998.

<sup>129</sup> The Star on Line, 5 June 2003, Available on the Internet.

For the Malays, there were mixed feelings about the new education policy. Some middle class Malays and those close to the UMNO felt that the Malays were not ready to compete with the Chinese<sup>130</sup>. However, other Malays welcomed the new admissions policy as a way to improve excellence in education. Indeed, there were signs in the late 1990s, that some in the highest echelons of the ruling elite, were contemplating stepping back from the 'Malay first' emphasis of the NEP towards a new emphasis on a more symmetrical pattern of multiethnic citizenship<sup>131</sup>. The leadership argued that the Malays must take bold initiatives to remove the rights of the Malays to achieve what they called spirit of competition.

#### C. GOVERNMENT'S VISION

The government of Malaysia aims to have an advanced and integrated society by 2020 in support of Malaysia's development objective. This vision requires a serious and dedicated framework to prepare for a knowledge-based society in which by 2020, individuals would not be known by their racial status but merely as Malaysians. On several occasions, Dr. Mahathir has spoken of the need to build a multiethnic 'Bangsa Malaysia' (Malaysian Race):

It is a notion that implies equality among Malays, Chinese, Indians and others. This symmetrical citizenship is something to be achieved in the future, ideally by 2020.<sup>132</sup>

In this aspect, competency, measured in term of one's ability to compete successfully, would create the possibility of implementing meritocracy. Meritocracy would

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<sup>130</sup> Verma, p. 76.

<sup>131</sup> Hefner, p. 31.

<sup>132</sup> Ibid, p. 33.

become a new challenge for the whole society to work together in order to achieve the vision. Whether or not the government's vision can be realized is an open question.

#### D. VARIABLES INHIBIT MERITOCRACY

##### 1. Education Institutions

Malaysia's education policy is rather liberal, in that it does not force people to follow an education system based on a national language. Besides Malay and English lessons, which are taught in those particular languages, other subjects such as history, science, and mathematics are taught according to the vernacular system. The result of this liberal policy is a division of schooling along racial lines within Malay, Chinese and Indian communities. Pupils are separated at an early age and encounter different modes of learning. The lack of a comprehensive and coherent education policy, which addresses the real needs of the society, contributes to communal distrust.

Although the Education Act of 1996 endorsed the Malay language as the main medium of instruction, most of the schools continued to teach in the vernacular languages.<sup>133</sup> As a result of this development, Malaysians have not been able to compete with each other since they were in elementary schools. The vernacular schools were seen as segregationist, incompatible with a national culture and are major obstacles to achieving equality of opportunity. Contradicting this approach is the fact that even though the United States, Australia, Singapore, Indonesia and other Western countries are also multi-ethnic, they still utilize a single language for their education systems. In the United States, even though a bilingual system exists in

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<sup>133</sup> Verma, p. 75.

multi- racial elementary and secondary schools, it requires all instruction be given in English. The regulation also emphasizes that Limited Proficiency English (LEP) children be immersed in English language classes for one year before transferring them to regular classrooms.<sup>134</sup> Regarding the flexibility of the situation in Malaysia, Dato' Seri Dr. Mahathir Mohamad noted:

Only in Malaysia do we have schools where the language is not the national language. In other countries in Southeast Asia, it's not allowed. In the U.S. there's none and in Australia there is no Chinese school funded by Australians.<sup>135</sup>

Despite government proposals and continuous support of a single 'system of schooling', the number of student enrollments in vernacular schools is increasing every year. At the same time, in order to ensure continuous support from each racial group, political leaders are continuously pressing the government to build similar kinds of schools in the interests of any particular community.

Table 8. Enrollments in Government Assisted Schools in Peninsular Malaysia<sup>136</sup>.

<b>Year</b>	<b>Malay Medium</b>	<b>Chinese</b>	<b>Indian</b>
<b>1965</b>	248,408	340,724	Na
<b>1970</b>	538,799	394,166	Na
<b>1975</b>	813,060	480,984	Na
<b>1978</b>	900,753	498,311	Na
<b>2002</b>	2,246,036	632,180	90,502

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<sup>134</sup> Patricia Osorio-O'Dea, *Bilingual Education: An Overview*, CRS Report for Congress, 21 December 2000.

<sup>135</sup> Vernacular Schools in Malaysia in [<http://www.thestar.com.my/news/story.asp?file=/2003/10/27/nation/6576511&sec=nation>], Accessed 14 October 2003.

<sup>136</sup> Lee Hock Guan, pp. 3-8.

New enrollments for vernacular elementary schools in Malaysia for 2002 illustrate the racial segregation of education. As the students spend at least six years (elementary 1 to 6) studying in their own community, they will not be able to socialize with other racial groups.

Table 9. New Enrollments (Year 1) For Vernacular Elementary Schools in Malaysia (2002). (From Ministry of Education<sup>137</sup>)

Type of Schools	Number of Schools	Enrolment	Teachers	Staff	Number of Classes
<b>Malay</b>	5,564	2,246,492	124,205	21,530	71,636
<b>Chinese</b>	1,285	632,180	28,837	4,950	18,233
<b>Indian</b>	527	90,502	6,040	1,433	4,122
<b>Special Schools</b>	28	1,862	514	213	266
<b>Total</b>	7,404	2,971,036	159,596	28,136	94,247

Greg Sheridan commented that the policies contributed to social disharmony. He indicates that prioritizing individual culture above societal interests will only enlarge the gap. In his book, Asia Value Western Dream, he argues that:

Preserving Tamil Schools, while useful for Indian politician in that it preserves their support base, tend to ghettoize the Indian, narrowing their horizons and limiting their opportunities.<sup>138</sup>

At the same time, the inability to provide similar facilities and staffing in both rural and urban schools may also inhibit the implementation of meritocracy. Urban

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<sup>137</sup> Education System In Malaysia in [[http://www2.moe.gov.my/~bppdp/2002/table1\(2002\).htm](http://www2.moe.gov.my/~bppdp/2002/table1(2002).htm)], Accessed 13 August 2003.

<sup>138</sup> Greg Sheridan, Asia Value Western Dream.

schools are mostly fully equipped, while facilities in the rural areas suffer from a lack of resources. In this case, the whole controversy about meritocracy is pointless when basic education requirements themselves cause problems. In contrast, Singapore was able to implement meritocracy due to the emphasis on a single medium of teaching and all schools were equipped with almost equal facilities.<sup>139</sup>

At present, 59 percent of secondary schools and 65 percent of primary schools in Malaysia are located in rural and remote areas. The schools are also experiencing a lack of basic amenities with 2.6 percent without electricity, 5.7 percent without water and 4.1 percent do not have a telephone or fax line.<sup>140</sup> The shortage of classrooms has caused a large number of students per class (40-50 pupils), which is very inconvenient for them.

This condition leads to a decrease in performance and achievement especially in technical subjects such as science and mathematics. The uneven distribution of teachers and unequal distribution of learning resources further widens the performance gap between rural and urban schools.<sup>141</sup> Even though the government is emphasizing e-learning, most of the rural schools are still lacking in facilities. This situation further affects the development of achieving a balanced society.

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<sup>139</sup> The Education System in Singapore in [<http://www.moe.edu.sg/edusin/edis-sch.htm#facility>], Accessed 16 October 2003.

<sup>140</sup> Planning for the Future in [<http://ci-lab.ied.edu.hk/cyluk/ICP/Khadijah16.pdf>], Accessed 18 November 2003.

<sup>141</sup> Ibid.

Table 10. Personal Computer and Internet Facilities by Public Schools<sup>142</sup>. (From Ministry of Education, 2000)

Type	No. of Schools	Schools with PC	Schools with Internet
<b>Primary</b>	7217	2202	739
<b>Secondary</b>	1641	883	559
<b>TOTAL</b>	8858	3085	1298

- 30.5% of primary and 53.8% of secondary schools have PC facilities.
- 10.2% of primary and 34.0% of secondary schools have Internet access.

## 2. Politics

The establishment of political parties, on a racial basis, strengthened the framework for inter-communal cooperation. The UMNO, which is the backbone of the ruling National Front, maintains political supremacy by having proportional power sharing with other partners. This enabled the alliance to gather votes across racial lines in previous general elections. This system has enabled the government to tackle racial issues within its framework, and at the same time, maintains its power of governance. However, although this development appeared to result in a strong coalition government, it negatively impacts the integration of society as a whole.

Due to the politics of accommodation, efforts to promote non-communal political parties appear to have

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<sup>142</sup> Access and Equity in  
[\[http://www.nitc.org.my/digitaldivide/access\\_and\\_equity.doc\]](http://www.nitc.org.my/digitaldivide/access_and_equity.doc), Accessed 18 November 2003.

little future in Malaysia. Discussions on issues that are related to politics or economics in Malaysia are dominated by race.<sup>143</sup> Attempts to create a multi-ethnic political party have not been successful. Dato' Onn Jaafar, the founder of UMNO, was forced to leave the party when he tried to open membership to other ethnic groups in 1951. His multi-ethnic political party, The Independence of Malaya (IMP) that he formed later, failed to garner support and was disbanded only after a short period.<sup>144</sup> Other multi-racial parties had failed miserably or end up marginalized as an ethnic based party such as the 'Gerakan', Democratic Action Party (DAP) and the Peoples Progressive Party (PPP), which all became Chinese parties. What started out as multi-racial parties always ended up with a communal group wooing specific votes from a specific community. This example highlights the problem of achieving total political stability in Malaysia when racial divisions dominate the political debate. It is more complicated when out of 44 political parties that are currently registered with the election commission, 40 are associated with communal interests.<sup>145</sup>

### **3. Networks and Social Capital**

Even though Malaysia's pluralistic society has existed for more than a century, inter-community relationships are still fragile and community development activities are rarely able to unify them. Conflicts between communities can be easily identified by observing the racially based educational systems, political parties, and responses to national policies, occupations, living styles and social

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<sup>143</sup> Milne and Mauzi, p. 4.

<sup>144</sup> Ibid., p. 34.

<sup>145</sup> Statistic Department Malaysia.

activities. Inter-racial communications are mostly on an official or business basis only. Social development does not appear to be better in the post-conflict era as political leaders frequently use racial issues for their own interests to attract public attention, as illustrated in 1987 and in 1999.<sup>146</sup>

The first step for balanced and sustainable economic development for any society is connecting people and institutions. The more people are connected with each other, the more they will trust each other, and the better off they are, individually and collectively. This would strengthen the argument that the success of a state is not determined merely through the possession of natural and traditional resources but also in how it employs and accumulates social capital. According to Robert Putnam, social capital refers to features of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit.<sup>147</sup> Therefore, establishing strong social capital is very important in order to have an integrated society. The main characteristic is just courage, strong leadership and willingness to move forward. Social networks would facilitate coordination and communication, amplify reputation and allow dilemmas of collective actions to be resolved.

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<sup>146</sup> In 1987, during a dispute in what is seen as a threat to abolish Chinese language education led to the arrest of more than 100 dissidents. The proposal of the Malaysian Chinese Election Appeals Committee or Suqiu to abolish the quota system on 17 August 1999 also invited major protests from UMNO. Both incidents almost led to racial conflicts as in 1969.

<sup>147</sup> Ross Gittel and Aris Vidal, *Community Organizing - Building Social Capital as a Development Strategy*, London: Sage Publication, 1998.

The ability of citizens to identify and work together on issues of common concern, their dedication to educate children, their constant search for ways to provide each other with the resources and skills they need to help themselves both as individuals and as a community, made social capital possible.<sup>148</sup> In Malaysian society, the lack of social capital led to jealousy and prejudice, and subsequently leads to fragmentization. The first Malaysian Prime Minister, Tunku Abdul Rahman, highlighted the lack of social capital in Malaysian society a few months after the 1969 riot when he said:

Malaysian can only be said to have returned to normal if the public can witness a fight between Malay and a Chinese without panicking.<sup>149</sup>

#### **4. Equal Economic Opportunities**

The idea of participating in a knowledge-based economy may not become reality if transparency does not exist in business deals. Equal opportunities in bidding for tenders and business related issues would imply an absence of corruption and cronyism. Clarity and transparency would not allow rent seekers to manipulate the system, and consequently, jeopardize government planning. However, in Malaysia, granting business contracts in most cases has not involved the formality of an open tender or auction system for job values less than RM 100,000.<sup>150</sup> Beneficiaries were chosen solely on the basis of their political and personal connections.<sup>151</sup> Therefore, the policies do not enhance

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<sup>148</sup> Vaugh Grisham, *Tupelo - The Evolution of a Community*, Ohio: Kettering Foundation Press, 1999.

<sup>149</sup> Ibid., p. 353.

<sup>150</sup> Had Nilai Perolihan, Surat Pekeliling Perbendaharaan Bilangan 6 Tahun 1998, in [[www.treasury.gov.my](http://www.treasury.gov.my)], Accessed 19 October 2003.

<sup>151</sup> Edmund, p. 91.

competition nor do they provide substantial improvements in managerial efficiency. It is more problematic as those in power have deliberately diminished accountability and transparency for their own benefit and interests.

Several delays in creating government infrastructure in several states, which were based on a 'political patronage' system, indicate that merit is critically important to a nation's development. The growing nexus between politics and business is one of the factors that leads to inefficient business practices. The scandal related to the construction of computer laboratories for schools in 2002, valued at RM 140 million, which was delayed and did not meet security specifications, was due to non-transparency and the granting of contracts to selective contractors, and not according to merit.<sup>152</sup> As admitted by Dr. Mahathir Mohamad:

We gave the job to the main contractor so that the contractor can give to smaller contractors. I was told that the contract was sold to another person, and this person sold it to another and it went on. By the time the fifth person got it, the contract's value will drop and in order to make profit, this contractor will have to cut cost. Then he will buy hollowed wood, the cement mixture is affected and now you get buildings collapsing.<sup>153</sup>

#### **E. POSSIBLE RESISTANCE**

Even though the application of a meritocratic system could be justified in terms of distributional efficiency, implementing meritocracy in sectors other than education

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<sup>152</sup> Failure to Complete Government Projects in [[http://216.239.57.104/search?q=cache:6vB9fW5Z-IcJ:myschoolnet.ppk.kpm.my/berita/07\\_13\\_01.htm+kegagalan+siap+makmal+di+malaysia&hl=en&ie=UTF-8.internet](http://216.239.57.104/search?q=cache:6vB9fW5Z-IcJ:myschoolnet.ppk.kpm.my/berita/07_13_01.htm+kegagalan+siap+makmal+di+malaysia&hl=en&ie=UTF-8.internet)], Accessed 10 October 2003.

<sup>153</sup> The Star, 24 July 2003.

will likely be opposed due to several conditions. The intra-racial spirit and interests are still illiberal, which leads to strong support for one's own development rather than the society as a whole.

### **1. Constitutional Restraint**

Article 153 of the Malaysian Constitution specifies special rights for the Bumiputras, especially regarding reserved slots local universities, junior colleges and other public education institutions, land reservations and set asides in civil service and the military<sup>154</sup>. At the same time, the constitution also provides privileges in terms of scholarship and business permits for the Bumiputra. Due to these kinds of privileges, the Malays, who constitute more than two thirds of the population, are unlikely to make any changes to the constitution. The statement made by then Deputy Prime Minister, Datuk Abdullah Ahmad Badawi, strengthens the argument:

By accepting the meritocracy system, it does not mean that UMNO is forgoing the special rights and privileges accorded to the Malays and Bumiputra as provided under the Federal Constitution. The meritocracy system should never be interpreted to mean that there is an inclination to sacrifice the rights and privileges of the Malays and Bumiputras.<sup>155</sup>

Even though the implementation of meritocracy in academic selection may influence other sectors, the status quo will remain, as the Malays are not willing to compromise their interests. The disparity of economic

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<sup>154</sup> Malaysian Constitution dated 30 September 2003.

<sup>155</sup> Speech by Datuk Seri Abdullah Ahmad Badawi at the Annual General Assemblies of the UMNO Youth, Wanita UMNO and the Puteri UMNO Convention 2002 on 18 June 2002.

wealth that still exists would become a stumbling block for the idea. The existence of conflicting issues between races will strengthen the support for preserving their rights.

## **2. Political Factors**

The Malays' opposition to the full implementation of meritocracy is likely due to two main features of their approach to politics. The first is that the unity of the Malays has to be maintained at all costs and, secondly, the UMNO must have a dominant position with the alliance so as to have control over the government and administration of the country. There is an understanding between the leadership of the UMNO, MCA and MIC as backbones of the National Front, based on the politics of accommodation, that the non-Malays should not make too many encroachments into the privileges of the Malays.<sup>156</sup> This rigid thinking about privileges is likely to encourage Malays to oppose any possible decrease in what is perceived as their entitlements.

As the Malays are continuously advocating their special rights in the country, it will be extremely difficult for non-communal parties to thrive. This is more significant when other races are also emphasizing racial unity in order to protect themselves and their interests.<sup>157</sup> This is also an indication that the idea of a 'Malaysian race' will never materialize as long as the population still relies on communal political parties to pursue their interests. The preservation of one's own culture, customs

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<sup>156</sup> The Chinese of Malaysia, Asia Features.com, 15 July 2000, p. 3.

<sup>157</sup> RK Vasil, Politics in a Plural Society- A Study of Non Communal Political Parties in West Malaysia, Kuala Lumpur: Oxford University Press, 1971, p. 292.

and religion as the main priority on which they are reluctant to compromise contributes to the likely failure of this idea.

### **3. New Malay Middle Class**

The emergence of Malay's business class as the outcome of the NEP and NDP plays an importance role in creating government policies. As a powerful lobby group for the Malays, they depend on the state's protection for various reasons and interests. Therefore, the proposals made by Chinese associations to abolish Article 153 of the Federal Constitution were strongly opposed by the Malay middle class. The group demanded an apology from the Chinese associations for raising the special rights issue.<sup>158</sup> As the economic imbalance between the Malays and Chinese is still wide, the Malay middle class would strongly oppose the implementation of a meritocratic system. The weakness of the Malaysian economy in face of the world's recession and competition in a globalized world continues to be the reason why the Malays are dependent on government assistance.

### **4. Chinese Chauvinism and Kinship Factor**

Another stumbling block in the implementation of meritocracy is the continuous imbalance in the private sector between the Malays and Chinese. The economic and business practices of the Chinese in Malaysia, which emphasize family and kinship interests contributed to social segregation in the country. In the Chinese community, association based on dialects, place of origin in Mainland China and surnames proved to be important in

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<sup>158</sup> Verma, p. 76.

developing trust and facilitating social networking.<sup>159</sup> They had, from the beginning, associated with business colleagues as well as social and community level organizations. The Chinese have a culture of working hard and supporting each other through family and clan associations. At the same time, most of the business conglomerates emphasis on the use of Chinese as the means of communication resulted in a high percentage of employment of their own ethnic group in labor and in managerial posts.<sup>160</sup>

The small and medium enterprises tend to engage in what usually is called co-ethnic business cooperation and avoid any external intervention. These firms are primarily family based and have not incorporated modern management styles, and hence, are more prone to co-ethnic cooperation. This situation avoids relatively quick staff turn over, which demands greater loyalty to the firm.<sup>161</sup> This culture of preferential treatment towards the Chinese and their kin has eliminated opportunities for the Malays and other races to join Chinese firms. As regards this culture, Gomez and Hsiao state:

It is widely believed that many Chinese businessmen are collaborating in business ventures. Within the milieu of enthusiastic, scholarship cultural factors have been used to donate and focus on certain characteristic enacted in Chinese business over others. For example the relevance of Confucian values and symbols, the notion of collective action or ethic

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<sup>159</sup> Magna Guhathakurta, *The Role of Migrant Capital in Developing Urban Societies: A Comparison of Marwanis in India with the Chinese Business Communities in Malaysia*.

<sup>160</sup> Ibid., p. 144.

<sup>161</sup> Dixon, p. 140.

solidarity manifest in business network pattern and continuity in traditional practices of business.<sup>162</sup>

#### **F. STRATEGIES FOR INTEGRATION**

Even though the idea of implementing total meritocracy in Malaysia would face strong resistance and objections, the government needs to evaluate the direction of community development in the era of globalization. Continuing the current discrimination policies will discourage the Malays from achieving the level of competitiveness. Malaysians need to prepare themselves to face the challenges of the 21<sup>st</sup> century, which comprises a fast, changing world, a global village, a world of competition, free economy, pluralism, and an international society of diversified cultures, traditions and civilizations. In these challenges, only the competitive will survive and play a pivotal role in globalization.

Furthermore, the government will loose investors' confidence, which will retard economic growth. This lack of confidence will be the main obstacle to competing effectively in the local, regional and international arenas. Race-based allocations, allotments and quotas are untenable in a globalized world while selection based on competition would allow positive outcomes of professionalism. Due to this situation, various strategies that are aligned with the idea of 'level playing field' are required prior to the implementation of meritocracy.

##### **1. Vision School**

The decision to integrate some vernacular schools into 'Vision Schools' since the middle of 2000 is part of the strategy to strengthen interaction and understanding

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<sup>162</sup> Magna, p. 11.

between racial groups. The establishment of vision schools with the objective 'to produce a Malaysia race that is loyal and united<sup>163</sup>', is one of the steps that may allow more integration among the pupils, as they will be using common facilities. These schools would have their own administration, but the pupils would share activities and facilities.<sup>164</sup> Under this concept, three primary schools with different media of instruction (Malay, Chinese and Indian) are placed in one complex, sharing common resources such as playing fields, courtyards, libraries, canteens and staff rooms.

However, the idea was also heavily criticized by vernacular education bodies, in particular, The United Chinese Schools Committee Association known as the Dong Jiao Zong<sup>165</sup> which is still 'championing' Chinese language and culture in the education system. The continuous resistance has worsened the aspirations of becoming an integrated nation, which it is still far from attaining.

## **2. Emphasis on English**

The Malaysian government has also taken various steps to enhance social improvement. The introduction of using English as the medium of instruction in math and science subjects in all schools starting in 2003 is part of the government's strategy towards societal integration. This may allow the students to communicate more often in order to face globalization. Mastering English will allow the

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<sup>163</sup> Jamalulail Abdullah, *Planning with Diversity: The Vision School Concept in Malaysia*, Faculty of Architecture, Planning and Surveying, MARA University of Technology, Malaysia, 2003, p. 6.

<sup>164</sup> Verma, p. 75.

<sup>165</sup> A coalition of Chinese School related organizations, active on a national level since 1912, whose primary interest is to provide political protections for the Chinese language, education and culture.

society to be well prepared and represented in the competitive world as stated by Mr. Lee Kwan Yew, the former Prime Minister of Singapore:

English as our working language has prevented conflict arising between our different races and given us a competitive advantage because it is an international language of business and diplomacy, science and technology.<sup>166</sup>

When the usage of English as one of the media of instruction was gradually abolished in the 1960s, the language nationalists who proposed the idea did not anticipate that there would be an unprecedented resurgence of the English language in the job market with globalization, economic liberalization and privatization in later years. This affected the entire generation of Malay graduates from public institutions, which were at a disadvantage for jobs in the global corporate sector. The reintroduction of English as an important factor in education may assist in social integration and subsequently improve the competitiveness of the society.

### **3. Meritocracy in Education**

The preliminary introduction of a meritocratic system in admitting students into public universities beginning in 2002 promoted competition and integration among them. Even though the intake of Bumiputra students dropped by 6.7 percent in 2003 compared to 2002, the government was committed to the system, as it would make students study harder to achieve better results.<sup>167</sup> The breakdown of the university's admissions according to percentages since the meritocratic system was introduced in 2002 is as follows:

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<sup>166</sup> Lee Kwan Yew, *From Third World to First, The Singapore Story: 1965-2000*, Harper Colin, 2000, p. 155.

<sup>167</sup> The Star online, Monday, 19 May 2003.

Table 11. Admission to Public Universities After Implementation of Meritocracy<sup>168</sup>.

Races	2002	2003
<b>Malay</b>	68.9 %	62.6 %
<b>Chinese</b>	26.4 %	32.2 %
<b>Indian</b>	4.7 %	5.2 %

The policy is generally accepted by the Malays so that the Bumiputra students do not become complacent with the previous quota system, and at the same time, leads to an increase in the society's ability. Dato' Seri Abdullah Ahmad Badawi is very supportive of the idea as he states that:

Malaysia could not afford to have 'the First World infrastructure but Third World mentality', possessing only the hardware but little software will obstruct the achievement of the Vision 2020 objective in order to be a fully developed nation. Malaysia cannot become a world-class economy without a world-class education system including world-class universities. This will make the graduates capable of competing at international level or making themselves marketable.<sup>169</sup>

At the same time, the announcement to provide 10 percent of the seats in 34 all-Malay government junior colleges to the most deserving Chinese and Indian students

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<sup>168</sup>University Admission for Indian Intake in [<http://216.239.57.104/search?q=cache:RMu1nAhgvZoJ:www.malaysia.net/dap/lks2340htm+university+admission++indian+intake&hl=en&ie=UTF-8>], Accessed 12 October 2003.

<sup>169</sup> Utusan Malaysia Press, 30 June 1993.

would provide keener competition for Malay students.<sup>170</sup> This would help them to reach greater heights and prepare them for the global economy.

#### **G. THE DILEMMA OF A MERITOCRATIC SYSTEM**

Even though meritocracy would enhance competition, at the extreme of implementing the idea, a more open and a geographically widespread competition can contribute to the rise of what is called the 'winner take all' strategy or 'survival of the fittest'. In other words, by loosening the role of social norms and limited spheres of competition, the move towards meritocracy may actually increase inequality.<sup>171</sup> A laissez faire meritocracy will favor the strongest and widen the gap between races, which subsequently jeopardizes the aim of the Malaysian government for a 'level playing field' in development. In a highly unequal society with vast differences in income, a level playing field cannot be established, thus making meritocracy advantageous only to the middle and upper classes, and thus contributing to high racial risks for the poor.

The concept of meritocracy is applicable when the characteristics of the people do not differ much either racially and politically. However, in an uneven multi-racial society such as Malaysia, readjustment in terms of corrective policies should be made in order for the weaker to improve further and participate in the social and economic development of the country. Therefore, the government instituted affirmative action policies should continue with a wider scope by incorporating a larger and

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<sup>170</sup> New Strait Times Singapore, 13 June 2002.

<sup>171</sup> Robert Frank and Philip Cook, *The Winner Take All Society*.

more diverse group defined not only by a racial group but by being disadvantaged in socioeconomic terms. Even in the United States, affirmative actions programs are still applied where the less qualified minority applicants from the least-privileged households and schools are accepted to a university.<sup>172</sup> Most Americans just did not accept the idea of a formal, test-based meritocracy, as the central organizing principle of their country's life. They refused to accept the Chinese community in America as a natural aristocracy or a governing elite even though the Chinese were experts in their field, highly competent and prosperous.<sup>173</sup>

Therefore, for meritocracy to work efficiently in Malaysia, equal opportunity must be established first. The vast gulf between rural and urban schools in terms of library facilities, teachers, computers facilities and even equipment needs to be balanced. Economic inequality where rural peoples have limited access to modernization due to poverty and the minimum standards of other facilities also needs to be considered. The urban students, on the other hand, are better off and have access to the Internet, private tuition and other modern facilities.

At the same time, a multi-ethnic party system should be emphasized to provide a clear indication that Malaysians can work together without any racial interference. Malaysia's political system, which relies on racially based support, proves that the consociational system works towards the creation of political stability as long as one group does not encroach upon another. Even though the

<sup>172</sup> Harold L. Wilensky, *Rich Democracies-Political Economy, Public Policy and Performance*, Berkeley: University of California Press, 2002, p. 37.

<sup>173</sup> Lemann, p. 334.

government instituted affirmative action policies as a corrective strategy managed to avoid instability, this is only a temporary situation while society's spirit of competitiveness is still low. The emergence of a multi-ethnic political party based on political principles and not sectarian interests may undermine these policies when society is ready to pursue a common agenda. However, in the current situation, communal politicking is not likely to disappear from the Malaysian scene in years to come due to the unwillingness of the racial groups to sacrifice their communal interests. This will remain the main obstacle to societal integration.

The positive impact of integrated schools should be promoted and gradually reduce the vernacular system. The existence of vernacular schools is a major hindrance to the birth of a united 'Malaysia race' which discourage assimilation at the junior level. As counter proposals, racial language should be integrated as part of the curriculum similar to the U.S. system where other languages would be taught if the racial groups represent more than 10 percent of the total number of students. As the integration of Malaysian society is the main objective, the differences in culture should not be considered barriers but looked upon as opportunities to learn from each other as stated by Friedman, "we should all get the benefit of the Lexus while not abandoning the Olive Trees".<sup>174</sup>

## H. CONCLUSION

The application of moderate meritocracy will enable the government to be more prepared in order to meet the demand of an industrialized society by 2020. As competition

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<sup>174</sup> Thomas L. Friedman, *The Lexus and the Olive Tree*, New York: Anchor Books, 2000, p. 31.

in the world market is not likely to favor any society or ethnic group, Malaysia will be left behind if it fails to prepare a marketable work force. The liberation of education and human resource development as well as expanding higher learning institutions will enable Malaysia to have sufficient manpower resources that meet the knowledge-based economy.

The success of emphasizing merit in admission to higher learning institutions has become the starting point in applying more stringent merit and competency in other fields. As the Prime Minister, Datuk Seri Abdullah Hj Ahmad Badawi mentioned:

This will be in the long-term best interest of the Bumiputra community and the nation, for perpetual periods of special quotas and assistance without regard to financial need, merit and competency can have numerous adverse effects... A nation with half its people on crutches cannot survive in this highly competitive world for very long.<sup>175</sup>

Even though restricted meritocracy should be defended as the best system, a minimum quota requirement is still required to ensure that a multi-ethnic Malaysia will be represented in all fields. State policies should emphasize rationality and economic efficiency, which requires adjustments that lead to positive results in the long run. Affirmative action, therefore, is necessary in the short run to achieve the generally applauded moral end of equal opportunity in the long run.<sup>176</sup>

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<sup>175</sup> Meritocracy in Utusan Malaysia, 12 February 03.

<sup>176</sup> Michael Lind, *The Next American Nation - The New Nationalism and the Fourth American Revolution*, New York: The Free Press, p 115.

As communalism is still the fundamental problem of nation building in Malaysia, inter-racial relationships should be enhanced that would neutralize jealousy and favoritism. At the same time, as the implementation of meritocracy is still a long way off from creating an ideal society, the huge efforts expended in bridging the gap would be completely worth it in the end.

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## VI. CONCLUSION

### A. INTRODUCTION

Creating an integrated society under a single entity is a difficult task, especially in Malaysia, where political and economic activities are continuously divided along racial lines. Even though the country has enjoyed significant economic growth and social stability under the regime of affirmative action policies, grievances among the political parties with respect to equal rights and fairness continues to flare up occasionally. These grievances have, when aired, resulted in a firmer stand by the government on its affirmative action policies. Each ethnic group is continuously pursuing its own agenda of promoting communal interests but is also avoiding discussions on sensitive issues that may increase tensions. Economic disparity between the major racial groups remains a stumbling block for further societal integration. Despite the NEP and the NDP, the 'playing field' is far from level. Are the Malays willing to sacrifice and accept the pain that would surely be felt before they can achieve the promised outcome of equality?

This chapter concludes the research on the applicability of a meritocratic system in the Malaysian pluralistic society. The willingness of the society to sacrifice their communal interests with sincerity becomes the basis of the proposed policy.

### B. CONFIRM/DISCONFIRM HYPOTHESIS

The fact that the major ethnic groups are deeply divided along economic, political, social, cultural and religious lines will continue to be the major challenge for

a modern Malaysia. Privileges and special quotas that have been allocated to the Malays are unlikely to be amended as long as the sharing of economic wealth is far from achievable. Therefore, any new idea to be adopted should be compatible with the mold that has been used to achieve peace and stability in the country.

Based on the characteristics and social culture of various groups, the goal of meritocracy and equal opportunity is likely to make the Malaysian society even less fair than the present situation. Therefore, contrary to the arguments that have been highlighted, the hypothesis that meritocracy will speed up social cohesion and national integration is unlikely to become a reality in the Malaysian environment.

#### **C. SIGNIFICANCE OF AFFIRMATIVE ACTION POLICIES**

The affirmative action policies, which were formulated due to economic disparities between ethnic groups were not only able to avoid the possibility of racial conflict but also contributed to Malaysia's rapid economic development. Under the policies, the country's poverty rate has been reduced by 300 percent to the point where only 5.5 percent of the population is still lives below the poverty line. At the same time, the restructuring of the society was able to increase Malays' equity by 800 percent. The Malay community now owns one fifth of Malaysia's economic wealth with a total value of RM 55.1 billion (US \$15.0 billion).

The dynamic of communal politics has been the key to the whole system, which emphasizes communal rather than national interests. The communal approach has become so institutionalized that its replacement by a more trans-ethnic approach to national problems appears politically

impossible. This has provided the basis of political stability, apparent racial harmony and economic development and prosperity.

The first generation that benefited from the affirmative action policies is currently holding senior appointments in the government, private institutions and politics. As the policies were able to promote prosperity in general, it is unlikely that those enjoying the privileges of the policies will sanction their elimination.

#### **D. MERITOCRATIC SOCIETY**

A meritocratic system requires equal opportunity for all members of society prior to its implementation. The inability of the government to provide equality with respect to the provision of a basic infrastructure may jeopardize the ability of the society to have equitable economic development. Issues of income disparity and economic inequality must be addressed prior to the implementation of meritocratic policies. Even though meritocracy is promising in an ideal society, other criteria that would not harm productivity should also be addressed such as suitability (based on experience) and acceptability (based on perception).

Meritocracy is a superficial idea that will lead to an unequal society when the most talented group seizes everything. The system of competition where the reward goes to the best while the worst get less will widen the gap between the educated elite and uneducated poor. This will create polarization and resentment as a result of a 'zero sum game'. In a society which is still segregated, restricted meritocracy may be implemented emphasizing competition in education. However, a minimum quota

privilege is also needed in order to allow general participation. Fairness and justice must be ensured and rewards should be in the form of an individual's ability according to one's needs.

#### **E. RECOMMENDATION**

Based on the arguments, the author concludes that in general, the introduction of meritocracy in Malaysia will not only allow competition among the racial groups but would also assist in preparing society for future challenges. However, the new system needs to be implemented gradually in order to avoid tensions within society, especially the Bumiputras, who might not be comfortable with the decision. Various steps may ease the transformation as discussed below.

First, the Bumiputra, the people to be stripped of the privileges they enjoy under the current policies, make up 60 percent of the population. The issue of meritocracy is likely to be politicized by political parties for their own interests. This is significant as the Chinese are still far ahead of the Bumiputra in terms of equity ownership with a ratio of 3 to 1. The Chinese currently own assets worth RM 157 billion, while the Malays have only managed to accumulate a total value of RM 55.1 billion.<sup>177</sup> Therefore, the government needs to be more transparent in providing opportunities, especially in the form of business contracts so that only those who are capable of performing the tasks should be assisted. The failure of some Malay conglomerates has led to the conclusion that cronyism has not helped in

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<sup>177</sup> Utusan Malaysia Press, Dated 20 November 2003.

developing a strong, independent, skilled and confident Malay business community that can survive on its own without government subsidies.

Second, affirmative action policies shall continue but they must not be premised on the thesis of deficiency. In order to address socio-economic issues in the 21<sup>st</sup> century, the policies should be applied on the basis of need rather than race. The regime should not discriminate against the non-Malays and instead should endeavor to help those who are still falling behind. The principle of deservingness should be emphasized in order to provide equal treatment. Even in the United States, Federal Labor Laws explicitly required the discriminatory practice of hiring minorities, who often possess lesser qualifications, under affirmative action policies.<sup>178</sup> The result would be an enhanced single society with all racial groups participating equitably.

Third, Malaysia needs to realize that a race-based political ideology is irrelevant in a multi-racial society today, especially for the younger generation. The most significant political change required is to encourage the establishment of a multi-racial political party system. This can be initiated by allowing members from other races to join the existing parties, which would enhance integration. Replacing all political parties associated with race and religion with more liberal parties should be a long-term goal that would help to accelerate this process and enhance participation in a more mature manner.

Fourth, the whole controversy about meritocracy is pointless when the education system itself is a cause for concern. In the initial stage, attention should focus on

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<sup>178</sup> William Henry III, *In Defense of Elitism*, 1995.

reducing the number of vernacular schools and concentrate on a single medium of teaching at the primary and secondary level. This will create a more focused and integrated group of students able to face future challenges. Cohen stresses that the wealth of a nation is to be gauged not by its stockpiles of gold but by the labor of its people and by the means it has to make optimum use of its labor force.<sup>179</sup> The creation of a new capable and integrated Malaysian society will encourage modernization to take place at a faster pace. The introduction of Vision Schools in some selected areas since 2000 is a significant step that may allow more interactions within the society and lead to national integration.

However, various aspects that are critical for quality improvement need to be overcome such as standardized facilities and incentives to attract more graduates into the teaching profession. In comparison, teachers in Germany are the highest paid profession in the public sector, while in Malaysia, teaching is often regarded as a career choice of last resort because of low salaries.

Fifth, the ability to prepare the nation for future challenges will contribute to the successful outcome of a nation. Friedman emphasized that countries cannot thrive in today's world without actively participating in the global private sector, which he called the electronic herd, and they cannot survive unless they learn how to get the best out of this herd<sup>180</sup>. A more competitive method is required in order to have an advanced society. This will enable them to be on par with the international community in terms of

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<sup>179</sup> Daniel Cohen, p. 33.

<sup>180</sup> Friedman, p. 114.

qualifications. The failure of more than 40,000 graduates to apply for jobs in Malaysia in 2002 is due to their inability to penetrate the international market.<sup>181</sup>

Sixth, joint business between the Bumiputras and non-Bumiputras must be enhanced to enable them to become more competitive. In this case, the Chinese working culture that emphasizes dedication, shrewdness in handling money, willingness to take risks and innovations developed by many generations should be adopted by the Malays to enable them to be less dependent on government subsidies and protection. At the same time, a systematic approach towards liberalizing the economy and transparent policies will make it possible to develop a well-structured and capable business community.

#### **F. CONCLUSION**

As Malaysia is seeking to become a fully industrialized country by 2020, the successful framework on racial harmony should be strengthened. The integration of society may be adopted by continuously capitalizing on social interests rather than communal interests and respect from each group in order to have a balanced society. The aspirations of Vision 2020 can only be achieved if all Malaysians are completely committed to tolerating each other and undertaking strategies for effective actions.

At a same time, although the idea of meritocracy in education was welcomed with mixed feelings by a large segment of the population, it is hard to implement in other sectors due to the current situation. The affirmative action policies are likely to continue because of racial disparity but they must not only concentrate on Malays

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<sup>181</sup> The Star Press, 1 November 2003.

issues. Besides the government's extensive program to assist the Bumiputras, other races should not be neglected. Therefore, despite rejecting the idea of meritocracy, the government should adopt the idea of helping those who are in need, based on merit, rather than race.

Meritocracy may have a place, but it is also important to introduce a system that considers needs and minimizes the gulf between rural and urban areas. A more constructive approach with the participation of various communities in education, business and social structure should be implemented to address the current issues. Forging a united nation consisting of a progressive and dynamic 'Bangsa Malaysia' that lives in harmony and is imbued with strong moral and ethical values must be a top priority in years to come.

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